

Client details

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West Rand District Municipality Group
(Registration number DC48)
Consolidated Annual Financial Statements
for the year ended 30 June 2019
Auditor-General South Africa

West Rand District Municipality Group

(Registration number DC48)

Consolidated Annual Financial Statements for the year ended 30 June 2019

General Information

Legal form of entity	District Municipality DC48 Municipal Finance Management Act (Act. 56 of 2003)
Nature of business and principal activities	Local Municipality
Members of council	
Mayoral Committee	Cllr. S.D. Thabe (Executive Mayor) Ald. F.O. Bhayat (MMC: Financial Services) D.D. Moreotsenye (MMC: Corporate & Shared Services) H.O. Butler (MMC: Public Safety) S. Konopi (MMC: Transport and Human Settlements) M.J. Selibo (MMC: Infrastructure) P. Chabane (MMC: Regional Industrialisation) B. Xulu (MMC: Health & Social Services) Ald. T.P. Matuwane (MMC: Environmental Management)
Councillors	Ald. N. Tundzi-Hawu (Speaker) S.P. Monoane (Council Whip) V.B. Khumalo (MPAC Chairperson) Ald. D.H. Pretorius G.S. Isherwood Ald. D.H. Pretorius E.P. Du Plessis M.N. Ndzilane A.L. Rowles-Zwart R.T. Molusi K. Mandyu J.D.H. Du Bruyn B.A. Mpeke D.S. David L.A. Mganu M. Ndamase S. Khenene Ald. J. Zwart A.J. Van Tonder P.C. Orpen-Reid M. Nkoe B. Van der Berg K.E. Lekagane J.N. Kotze W. Segolodi X.L. Mkruquli B.R. Mafika W. Njani M. Sello L. Modise
Grading of local authority	Medium Capacity Category C
Accounting Officer	M.D. Mokoena

West Rand District Municipality Group

(Registration number DC48)

Consolidated Annual Financial Statements for the year ended 30 June 2019

General Information

Chief Finance Officer (CFO)	R. Mohaudi
Registered office	Cnr Sixth & Park Street Randfontein 1760
Business address	Private Bag X033 Randfontein 1760
Bankers	First National Bank Standard Bank - South Africa
Auditors	Auditor-General South Africa

West Rand District Municipality Group

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Consolidated Annual Financial Statements for the year ended 30 June 2019

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MBRR	Municipal Budget and Reporting Regulations
MPAC	Municipal Public Accounts Committee
SALGBC	South African Local Government Bargaining Council
RSC	Regional Service Council Levy
GRAP	Generally Recognised Accounting Practice
FMG	Financial Management Grant
IAS	International Accounting Standards
mSCOA	Municipal Standard Chart of Accounts
GDARD	Gauteng Department of Agriculture and Rural Development
EPWP	Expanded Public Works Programme
LG SETA	Local Government Sector Education and Training Authority
NDPG	Neighbourhood Development Partnership Grant
MFMA	Municipal Finance Management Act
ME's	Municipal Entities
MMC	Member of the Mayoral Committee
CIGFARO	Chartered Institution of Government Financial, Audit and Risk Officers
IFRS	International Financial Reporting Standards

West Rand District Municipality Group

(Registration number DC48)

Annual Financial Statements for the year ended 30 June 2019

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements and was given unrestricted access to all financial records and related data.

The consolidated annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The consolidated annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the economic entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the economic entity's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, he is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the economic entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the economic entity's consolidated annual financial statements. The consolidated annual financial statements have been examined by the economic entity's external auditors and their report is presented on page 5.

The consolidated annual financial statements set out on pages 5, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2019 and were signed on its behalf by:



M.D Mokoena
Municipal Manager

West Rand District Municipality Group

(Registration number DC48)

Annual Financial Statements for the year ended 30 June 2019

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2019.

1. Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus (deficit) of R (89 331 123) and that the municipality's total liabilities exceed its assets by R (86 986 699).

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer has continued funding from National and Provincial government.

Additional details on municipal going concern assessment is fairly disclosed in the notes to the consolidated annual financial statements.

2. Subsequent events

All matters and events that occurred between 30 June 2019 and the date of submission of the consolidated annual financial statements have been taken into account and appropriately reported.

3. Accounting Officer's Interest in contracts

The accounting officer did not have any interest in any contract of the municipality.

4. Accounting policies

The consolidated annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations and guidelines issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
M.D Mokoena	South African

6. Bankers

The municipality primarily banks with First National Bank

The municipality also banks with Standard Bank of Southern Africa.

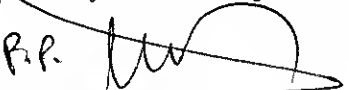
7. Auditors

Auditor-General South Africa will continue in office for the next financial period.

8. Non-compliance with applicable legislation

Any instances of non-compliance to applicable legislation is fairly disclosed in the notes to the consolidated annual financial statements.

The consolidated annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2019 and were signed on its behalf by:



M.D Mokoena
Municipal Manager

West Rand District Municipality Group

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2019	2018 Restated*	2019	2018 Restated*
Assets					
Current Assets					
Inventories	3	99,093	178,505	99,093	178,505
Receivables from exchange transactions	4	41,399,934	25,825,119	41,369,937	25,825,119
VAT receivable	5	-	2,632,092	4,188,821	6,585,979
Non-current assets held for sale		288,304	288,304	288,304	288,304
Cash and cash equivalents	6	7,510,107	-	2,746,673	-
		49,297,438	28,924,020	48,692,828	32,877,907
Non-Current Assets					
Biological assets that form part of an agricultural activity	7	331,058	338,212	331,058	338,212
Investment property	8	5,600,000	5,100,000	5,600,000	5,100,000
Property, plant and equipment	9	71,566,881	78,666,678	58,856,827	65,786,531
Intangible assets	10	4	64	3	3
Investments in controlled entities		-	-	14,578,528	14,578,528
Long-term receivables	11	254,916	558,478	254,916	558,478
		77,752,859	84,663,432	79,621,332	86,361,752
Total Assets		127,050,297	113,587,452	128,314,160	119,239,659
Liabilities					
Current Liabilities					
Finance lease obligation	12	6,869,302	13,326,018	6,869,302	13,326,018
Payables from exchange transactions	13	71,142,347	89,468,868	70,177,614	92,440,143
Transfers payable (non-exchange)	14	30,444,344	30,444,344	30,444,344	30,444,344
VAT payable	17	115,828	-	-	-
Employee benefit obligation	18	2,494,905	1,666,873	2,494,905	1,666,873
Unspent conditional grants and receipts	15	47,814,928	44,586,560	47,814,928	44,586,560
Provisions	16	3,713,175	3,655,698	3,713,175	3,655,698
Overnight facility	6	-	4,013,551	-	6,113,053
		162,594,829	187,161,912	161,514,268	192,232,689
Non-Current Liabilities					
Finance lease obligation	12	-	6,897,227	-	6,897,227
Employee benefit obligation	18	53,786,591	54,927,163	53,786,591	54,927,163
		53,786,591	61,824,390	53,786,591	61,824,390
Total Liabilities		216,381,420	248,986,302	215,300,859	254,057,079
Net Assets		(89,331,123)	(135,398,850)	(86,986,699)	(134,817,420)
Accumulated deficit		(89,331,123)	(135,398,850)	(86,986,699)	(134,817,421)

* See Note 43

West Rand District Municipality Group

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2019	2018 Restated*	2019	2018 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	19	1,843,195	3,783,604	1,843,195	3,783,604
Rental of facilities and equipment	20	1,911,065	1,760,743	1,566,269	1,522,110
Interest on outstanding receivables		536,616	372,313	536,616	372,313
Licences and permits	21	421,739	287,567	421,739	287,567
Recoveries	22	5,226	1,774,999	5,226	1,774,999
Other income		-	13,529,247	-	13,529,247
Operating income	23	24,190,379	7,959,131	24,190,379	7,959,131
Interest received	24	596,176	954,005	411,298	954,005
Gain on disposal of assets and liabilities	9	-	3,612,132	-	-
Fair value gains	37	492,847	-	492,847	-
Actuarial gains	18	10,774,870	1,367,176	10,774,870	1,367,176
Total revenue from exchange transactions		40,772,113	35,400,917	40,242,439	31,550,152
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	25	273,183,632	263,596,215	273,183,632	263,598,215
Public contributions and donations	26	254,590	-	254,590	-
Total revenue from non-exchange transactions		273,438,222	263,696,215	273,438,222	263,596,215
Total revenue		314,210,335	298,997,132	313,680,661	295,146,367
Expenditure					
Employee related costs	27	(179,212,307)	(174,395,501)	(176,743,161)	(171,858,363)
Remuneration of councillors and board members	28	(13,705,591)	(13,730,526)	(13,020,091)	(13,134,026)
Depreciation and amortisation	29	(7,365,333)	(10,858,604)	(7,205,520)	(10,515,440)
Impairment loss/ Reversal of impairments	30	-	(76,114,645)	-	(76,114,645)
Interest costs and penalties	31	(10,982,622)	(6,768,309)	(10,982,622)	(6,768,309)
Lease rentals on operating lease	32	(8,881,589)	(9,302,749)	(8,721,864)	(8,833,140)
Debt Impairment	33	(841,819)	(5,523,032)	(841,819)	(5,523,032)
Contracted services	34	(17,498,026)	(60,218,005)	(17,241,047)	(59,887,622)
Transfers and Subsidies	35	(8,744,340)	(7,572,195)	(13,144,340)	(13,972,195)
Loss on disposal of assets and liabilities	9	(27,192)	-	-	-
Fair value loss	37	-	(353,919)	-	(353,919)
Workmen's compensation movement	16	(1,159,070)	(1,854,205)	(1,159,070)	(1,854,205)
Operating costs	36	(19,188,626)	(23,667,660)	(16,790,465)	(22,722,393)
Total expenditure		(267,606,515)	(390,359,350)	(265,849,999)	(391,535,289)
Surplus (deficit) for the year		46,603,820	(91,362,218)	47,830,662	(96,388,922)

* See Note 43

West Rand District Municipality Group

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Changes in Net Assets

Figures in Rand	Accumulated deficit	Total net assets
Economic entity		
Balance at 01 July 2017	(44,036,632)	(44,036,632)
Changes in net assets	(91,362,218)	(91,362,218)
Deficit for the year	(91,362,218)	(91,362,218)
Total changes	(91,362,218)	(91,362,218)
Opening balance as previously reported	(126,733,315)	(126,733,315)
Adjustments		
Prior year adjustments (Refer to note 43)	(9,201,628)	(9,201,628)
Restated* Balance at 01 July 2018 as restated*	(135,934,943)	(135,934,943)
Changes in net assets	46,603,820	46,603,820
Surplus for the year	46,603,820	46,603,820
Total changes	46,603,820	46,603,820
Balance at 30 June 2019	(89,331,123)	(89,331,123)
Note(s)		
Controlling entity		
Balance at 01 July 2017	(38,428,499)	(38,428,499)
Changes in net assets	(96,388,922)	(96,388,922)
Deficit for the year	(96,388,922)	(96,388,922)
Total changes	(96,388,922)	(96,388,922)
Opening balance as previously reported	(126,011,304)	(126,011,304)
Adjustments		
Prior year adjustments	(8,806,057)	(8,806,057)
Restated* Balance at 01 July 2018 as restated*	(134,817,361)	(134,817,361)
Changes in net assets	47,830,662	47,830,662
Surplus for the year	47,830,662	47,830,662
Total changes	47,830,662	47,830,662
Balance at 30 June 2019	(86,986,699)	(86,986,699)
Note(s)		

* See Note 43

West Rand District Municipality Group

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Cash Flow Statement

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2019	2018 Restated*	2019	2018 Restated*
Cash flows from operating activities					
Receipts					
Sale of goods and services		391,290	238,633	-	-
Grants		276,412,000	345,474,426	276,412,000	339,074,426
Interest income		571,404	954,005	411,298	954,005
Other receipts		24,742,348	34,844,145	24,633,890	34,844,145
		302,117,042	381,511,209	301,457,188	374,872,576
Payments					
Employee costs		(207,743,399)	(176,105,496)	(204,647,296)	(172,711,938)
Suppliers		(70,771,489)	(173,045,622)	(70,628,395)	(171,818,797)
Interest costs and penalties		(1,739,493)	(1,682,517)	(1,739,493)	(1,682,517)
		(280,254,381)	(350,833,635)	(277,015,184)	(346,213,252)
Net cash flows from operating activities	38	21,862,661	30,677,574	24,442,004	28,659,324
Cash flows from investing activities					
Purchase of property, plant and equipment	9	(52,107)	(41,590)	(35,257)	(14,340)
Proceeds from sale of property, plant and equipment	9	5,260,125	-	-	-
Net cash flows from investing activities		5,208,018	(41,590)	(35,257)	(14,340)
Cash flows from financing activities					
Finance lease payments		(15,547,021)	(15,290,159)	(15,547,021)	(15,290,159)
Net Increase/(decrease) in cash and cash equivalents		11,523,658	15,345,825	8,859,726	13,354,825
Cash and cash equivalents at the beginning of the year		(4,013,551)	(19,359,375)	(6,113,053)	(19,467,878)
Cash and cash equivalents at the end of the year	6	7,510,107	(4,013,550)	2,746,673	(6,113,053)

* See Note 43

West Rand District Municipality Group

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	601,000	(601,000)	-	1,843,195	1,843,195	A
Rental of facilities and equipment	1,533,000	52,000	1,585,000	1,911,065	326,065	B
Interest received (trading)	-	-	-	536,616	536,616	C
Agency services	-	100,000	100,000	-	(100,000)	
Licences and permits	600,000	-	600,000	421,739	(178,261)	H
Recoveries	-	-	-	5,226	5,226	D
Operating income	122,301,000	(98,842,000)	23,459,000	24,190,379	731,379	E
Interest received	-	118,000	118,000	596,176	478,176	F
Total revenue from exchange transactions	125,035,000	(99,173,000)	25,862,000	29,504,396	3,642,396	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	216,710,000	58,900,000	275,610,000	273,183,632	(2,426,368)	G
Public contributions and donations	-	-	-	254,590	254,590	
Total revenue from non-exchange transactions	216,710,000	58,900,000	275,610,000	273,438,222	(2,171,778)	
Total revenue	341,745,000	(40,273,000)	301,472,000	302,942,618	1,470,618	
Expenditure						
Employee related costs	(170,580,000)	(1,292,000)	(171,872,000)	(179,212,307)	(7,340,307)	I
Remuneration of councillors and board members	(14,485,000)	400,000	(14,085,000)	(13,705,591)	379,409	I
Depreciation and amortisation	(8,730,000)	-	(8,730,000)	(7,365,333)	1,364,667	J
Interest costs and penalties	(1,486,000)	-	(1,486,000)	(10,982,622)	(9,496,622)	K
Lease rentals on operating lease	(9,000,000)	-	(9,000,000)	(8,881,589)	118,411	
Debt Impairment	-	-	-	(841,819)	(841,819)	C
Contracted Services	(126,844,000)	88,447,000	(38,397,000)	(17,498,026)	20,898,974	L
Transfers and Subsidies	-	(7,796,000)	(7,796,000)	(8,744,340)	(948,340)	M
Operating costs	(13,169,000)	(33,429,000)	(46,598,000)	(19,188,626)	27,409,374	O
Total expenditure	(344,294,000)	46,330,000	(297,964,000)	(266,420,253)	31,543,747	
Operating surplus	(2,549,000)	6,057,000	3,508,000	36,522,365	33,014,365	
Loss on disposal of assets and liabilities	-	-	-	(27,192)	(27,192)	
Fair value adjustments	-	-	-	492,847	492,847	N
Actuarial gains/losses	-	-	-	10,774,870	10,774,870	N
Workmen's compensation provision	-	-	-	(1,159,070)	(1,159,070)	P
	-	-	-	10,081,455	10,081,455	
Surplus before taxation	(2,549,000)	6,057,000	3,508,000	46,603,820	43,095,820	

West Rand District Municipality Group

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(2,549,000)	6,057,000	3,508,000	46,603,820	43,095,820	

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	422,000	45,000	467,000	99,093	(367,907)	S
Receivables from exchange transactions	44,375,000	(3,444,000)	40,931,000	41,399,934	468,934	Q
Non-current assets held for sale	-	-	-	288,304	288,304	
Cash and cash equivalents	-	11,084,000	11,084,000	7,501,107	(3,582,893)	DD
	44,797,000	7,685,000	52,482,000	49,288,438	(3,193,562)	

Non-Current Assets

Biological assets that form part of an agricultural activity	1,312,000	(974,000)	338,000	331,058	(6,942)	N
Investment property	4,980,000	120,000	5,100,000	5,600,000	500,000	N
Property, plant and equipment	99,015,000	(28,706,000)	70,309,000	71,566,881	1,257,881	J
Intangible assets	-	-	-	4	4	
Long-term receivables	1,055,000	(1,000)	1,054,000	254,916	(799,084)	T
	106,362,000	(29,561,000)	76,801,000	77,752,859	951,859	
Total Assets	151,159,000	(21,876,000)	129,283,000	127,041,297	(2,241,703)	

Liabilities

Current Liabilities

Finance lease obligation	-	-	-	6,869,302	6,869,302	AA
Payables from exchange transactions	74,571,000	7,057,000	81,628,000	71,142,347	(10,485,653)	U
Transfers payable (non-exchange)	-	30,444,344	30,444,344	30,444,344	-	Z
VAT payable	-	-	-	115,827	115,827	
Employee benefit obligation	-	-	-	2,494,905	2,494,905	V
Unspent conditional grants and receipts	-	20,199,656	20,199,656	47,814,928	27,615,272	Z
Provisions	5,085,000	-	5,085,000	3,713,175	(1,371,825)	W
Overnight facility	50,000,000	(50,000,000)	-	-	-	U
	129,656,000	7,701,000	137,357,000	162,594,828	25,237,828	

Non-Current Liabilities

Employee benefit obligation	70,835,000	-	70,835,000	53,786,591	(17,048,409)	V
Total Liabilities	200,491,000	7,701,000	208,192,000	216,381,419	8,189,419	
Net Assets	(49,332,000)	(29,577,000)	(78,909,000)	(89,340,122)	(10,431,122)	

Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated deficit	(34,753,000)	(44,156,000)	(78,909,000)	(89,340,122)	(10,431,122)	
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West Rand District Municipality Group

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Sale of goods and services	749,000	(441,000)	308,000	391,290	83,290	A
Grants	217,306,000	32,803,000	250,109,000	276,412,000	26,303,000	G
Interest income	-	340,000	340,000	571,404	231,404	F
Other receipts	124,287,000	(99,428,000)	24,859,000	24,742,348	(116,652)	E
	342,342,000	(66,726,000)	275,616,000	302,117,042	26,501,042	

Payments

Employee costs	(171,392,000)	(1,579,000)	(172,971,000)	(207,743,399)	(34,772,399)	I
Suppliers	(117,976,000)	26,945,000	(91,031,000)	(70,771,489)	20,259,511	O
Interest costs and penalties	(1,486,000)	-	(1,486,000)	(1,739,493)	(253,493)	K
	(290,854,000)	25,366,000	(265,488,000)	(280,254,381)	(14,766,381)	

Net cash flows from operating activities	51,488,000	(41,360,000)	10,128,000	21,862,661	11,734,661	
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Purchase of property, plant and equipment	(43,327,000)	43,277,000	(50,000)	(52,107)	(2,107)	
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Proceeds from sale of property, plant and equipment	-	5,260,125	5,260,126	5,260,125	-	
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Net cash flows from investing activities	(43,327,000)	48,537,125	5,210,125	5,208,018	(2,107)	
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Cash flows from financing activities

Finance lease payments	-	-	-	(15,547,021)	(15,547,021)	AA
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Net increase/(decrease) in cash and cash equivalents	8,161,000	7,177,125	15,338,125	11,523,658	(3,814,467)	
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Cash and cash equivalents at the beginning of the year	(126,400,000)	122,146,000	(4,254,000)	(4,013,551)	240,449	
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Cash and cash equivalents at the end of the year	(118,239,000)	129,323,125	11,084,125	7,510,107	(3,574,018)	
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West Rand District Municipality Group

(Registration number DC48)

Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	601,000	(601,000)	-	-	-	A
Rental of facilities and equipment	1,385,000	-	1,385,000	1,566,269	181,269	B
Interest received (trading)	-	-	-	536,616	536,616	C
Licences and permits	600,000	-	600,000	421,739	(178,261)	H
Recoveries	-	-	-	5,226	5,226	D
Operating income	122,301,000	(98,842,000)	23,459,000	24,190,379	731,379	E
Interest received - favourable bank balance	-	-	-	411,298	411,298	F
Total revenue from exchange transactions	124,887,000	(99,443,000)	25,444,000	27,131,527	1,687,527	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	214,708,000	55,100,000	269,808,000	273,183,632	3,375,632	G
Public contributions and donations	-	-	-	254,590	254,590	
Total revenue from non-exchange transactions	214,708,000	55,100,000	269,808,000	273,438,222	3,630,222	
Total revenue	339,595,000	(44,343,000)	295,252,000	300,569,749	5,317,749	
Expenditure						
Employee related costs	(168,329,000)	-	(168,329,000)	(176,743,161)	(8,414,161)	I
Remuneration of councillors	(13,685,000)	-	(13,685,000)	(13,020,091)	664,909	I
Depreciation and amortisation	(8,161,000)	-	(8,161,000)	(7,205,520)	955,480	J
Finance costs	(1,486,000)	-	(1,486,000)	(10,982,622)	(9,496,622)	K
Lease rentals on operating lease	(9,000,000)	-	(9,000,000)	(8,721,864)	278,136	
Debt Impairment	-	-	-	(841,819)	(841,819)	C
Contracted Services	(124,844,000)	92,347,000	(32,497,000)	(17,241,047)	15,255,953	L
Transfers and Subsidies	(4,392,000)	(7,796,000)	(12,188,000)	(13,144,340)	(956,340)	M
Operating costs	(12,297,000)	(33,429,000)	(45,726,000)	(16,790,465)	28,935,535	O
Total expenditure	(342,194,000)	51,122,000	(291,072,000)	(264,690,929)	26,381,071	
Operating surplus	(2,599,000)	6,779,000	4,180,000	35,878,820	31,698,820	
Fair value adjustments	-	-	-	492,847	492,847	N
Actuarial gains/losses	-	-	-	10,774,870	10,774,870	N
Workmen's compensation provision	-	-	-	(1,159,070)	(1,159,070)	P
	-	-	-	10,108,647	10,108,647	
Surplus before taxation	(2,599,000)	6,779,000	4,180,000	45,987,467	41,807,467	

West Rand District Municipality Group

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(2,599,000)	6,779,000	4,180,000	45,987,467	41,807,467	

West Rand District Municipality Group

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	422,000	45,000	467,000	99,093	(367,907)	S
Receivables from exchange transactions	41,138,000	(207,000)	40,931,000	41,369,937	438,937	Q
VAT receivable	-	-	-	4,188,821	4,188,821	R
Non-current assets held for sale	-	-	-	288,304	288,304	
Cash and cash equivalents	-	2,438,000	2,438,000	2,746,673	308,673	DD
	41,560,000	2,276,000	43,836,000	48,692,828	4,856,828	

Non-Current Assets

Biological assets that form part of an agricultural activity	1,312,000	(974,000)	338,000	331,058	(6,942)	N
Investment property	4,980,000	120,000	5,100,000	5,600,000	500,000	N
Property, plant and equipment	86,390,000	(28,706,000)	57,684,000	58,856,827	1,172,827	J
Intangible assets	-	-	-	3	3	
Investments in controlled entities	14,579,000	(14,579,000)	-	14,578,528	14,578,528	
Long-term receivables	1,055,000	(1,000)	1,054,000	254,916	(799,084)	T
	108,316,000	(44,140,000)	64,176,000	79,621,332	15,445,332	
Total Assets	149,876,000	(41,864,000)	108,012,000	128,314,160	20,302,160	

Liabilities

Current Liabilities

Finance lease obligation	-	-	-	6,869,302	6,869,302	AA
Payables from exchange transactions	68,239,000	3,411,000	71,650,000	70,177,614	(1,472,386)	U
Taxes and transfers payable (non-exchange)	-	30,444,344	30,444,344	30,444,344	-	
Employee benefit obligation	-	-	-	2,494,905	2,494,905	V
Unspent conditional grants and receipts	-	20,199,656	20,199,656	47,814,928	27,615,272	Z
Provisions	5,085,000	-	5,085,000	3,713,175	(1,371,825)	W
Overnight facility	50,000,000	(50,000,000)	-	-	-	U
	123,324,000	4,055,000	127,379,000	161,514,268	34,135,268	

Non-Current Liabilities

Employee benefit obligation	70,835,000	-	70,835,000	53,786,591	(17,048,409)	V
Total Liabilities	194,159,000	4,055,000	198,214,000	215,300,859	17,086,859	
Net Assets	(44,283,000)	(45,919,000)	(90,202,000)	(86,986,699)	3,215,301	

Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated deficit	(44,283,000)	(45,919,000)	(90,202,000)	(86,986,699)	3,215,301	
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West Rand District Municipality Group

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Sale of goods and services	601,000	(601,000)	-	-	-	A
Grants	217,306,000	24,903,000	242,209,000	276,412,000	34,203,000	G
Interest income	-	222,000	222,000	411,298	189,298	F
Other receipts	124,287,000	(99,428,000)	24,859,000	24,633,890	(225,110)	E
	342,194,000	(74,904,000)	267,290,000	301,457,188	34,167,188	

Payments

Employee costs	(169,000,000)	-	(169,000,000)	(204,647,296)	(35,647,296)	I
Suppliers	(120,270,000)	32,257,000	(88,013,000)	(70,628,395)	17,384,605	O
Interest costs and penalties	(1,486,000)	-	(1,486,000)	(1,739,493)	(253,493)	K
	(290,756,000)	32,257,000	(258,499,000)	(277,015,184)	(18,516,184)	

Net cash flows from operating activities	51,438,000	(42,647,000)	8,791,000	24,442,004	15,651,004	
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Cash flows from investing activities

Purchase of property, plant and equipment	(43,277,000)	43,277,000	-	(35,257)	(35,257)	
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Cash flows from financing activities

Finance lease payments	-	-	-	(15,547,021)	(15,547,021)	AA
Net increase/(decrease) in cash and cash equivalents	8,161,000	630,000	8,791,000	8,859,726	68,726	
Cash and cash equivalents at the beginning of the year	(126,400,000)	120,046,000	(6,354,000)	(6,113,053)	240,947	
Cash and cash equivalents at the end of the year	(118,239,000)	120,676,000	2,437,000	2,746,673	309,673	

West Rand District Municipality Group

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Economic entity - 2019											
Financial Performance											
Service charges	601,000	(601,000)	-	-	-	-	1,843,195	-	1,843,195	DIV/O %	307 %
Investment revenue	-	-	-	-	-	-	596,176	-	596,176	DIV/O %	DIV/O %
Transfers recognised - operational	173,433,000	102,177,000	275,610,000	-	-	275,610,000	273,183,632	-	(2,426,368)	99 %	158 %
Other own revenue	124,434,000	(98,572,000)	25,862,000	-	-	25,862,000	38,339,895	-	12,477,895	148 %	31 %
Total revenue (excluding capital transfers and contributions)	298,468,000	3,004,000	301,472,000	-	-	301,472,000	313,962,898	-	12,490,898	104 %	105 %
Employee costs	(170,580,000)	(1,292,000)	(171,872,000)	-	-	(171,872,000)	(179,212,307)	-	(7,340,307)	104 %	105 %
Remuneration of councillors	(14,485,000)	400,000	(14,085,000)	-	-	(14,085,000)	(13,705,591)	-	379,409	97 %	95 %
Debt impairment	-	-	-	-	-	-	(841,819)	-	(841,819)	DIV/O %	DIV/O %
Depreciation and asset impairment	(8,730,000)	-	(8,730,000)	-	-	(8,730,000)	(7,365,333)	-	1,364,667	84 %	84 %
Finance charges	(1,486,000)	-	(1,486,000)	-	-	(1,486,000)	(10,982,622)	-	(9,496,622)	739 %	739 %
Transfers and grants	-	(7,796,000)	(7,796,000)	-	-	(7,796,000)	(8,744,340)	-	(948,340)	112 %	DIV/O %
Other expenditure	(149,013,000)	55,018,000	(93,995,000)	-	-	(93,995,000)	(45,602,586)	-	48,392,414	49 %	31 %
Total expenditure	(344,294,000)	46,330,000	(297,964,000)	-	-	(297,964,000)	(266,454,598)	-	31,509,402	89 %	77 %
Surplus/(Deficit)	(45,826,000)	49,334,000	3,508,000	-	-	3,508,000	47,508,300	-	44,000,300	1,354 %	1,354 %

West Rand District Municipality Group

(Registration number DC48)
Consolidated Annual Financial Statements for the year ended 30 June 2019

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	43,277,000	(43,277,000)		-	-	-	-	-	-	DIV/0 %	- %
Contributions recognised - capital and contributed assets	-	-	-	-	-	-	254,590	254,590	254,590	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	(2,549,000)	6,057,000	3,508,000	-	-	3,508,000	47,762,890		44,254,890	1,362 %	(1,874)%
Surplus/(Deficit) for the year	(2,549,000)	6,057,000	3,508,000	-	-	3,508,000	47,762,890		44,254,890	1,362 %	(1,874)%
Cash flows											
Net cash from (used) operating	51,488,000	(41,360,000)	10,128,000	-	-	10,128,000	21,862,661		11,734,661	216 %	42 %
Net cash from (used) investing	(43,327,000)	48,537,125	5,210,125	-	-	5,210,125	5,208,018		(2,107)	100 %	(12)%
Net cash from (used) financing	-	-	-	-	-	-	(15,547,021)		(15,547,021)	DIV/0 %	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	8,161,000	7,177,125	15,338,125	-	-	15,338,125	11,523,658		(3,814,467)	75 %	141 %
Cash and cash equivalents at the beginning of the year	(126,400,000)	122,146,000	(4,254,000)	-	-	(4,254,000)	(4,013,551)		240,449	94 %	3 %
Cash and cash equivalents at year end	(118,239,000)	129,323,125	11,084,125	-	-	11,084,125	7,510,107		(3,574,018)	68 %	(6)%

West Rand District Municipality Group

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be Restated recovered audited outcome
Economic entity - 2018			
Financial Performance			
Service charges			3,783,604
Investment revenue			954,005
Transfers recognised - operational			252,905,775
Other own revenue			31,083,308
Total revenue (excluding capital transfers and contributions)			288,726,692
Employee costs	-	-	(174,395,501)
Remuneration of councillors	-	-	(13,730,526)
Debt impairment	-	-	(5,523,032)
Depreciation and asset impairment	-	-	(86,973,249)
Finance charges	-	-	(6,768,309)
Transfers and grants	-	-	(7,572,195)
Other expenditure	-	-	(93,962,333)
Total expenditure	-	-	(388,925,145)
Surplus/(Deficit)			(100,198,453)
Transfers recognised - capital			10,690,440
Surplus (Deficit) after capital transfers and contributions			(89,508,013)
Surplus/(Deficit) for the year			(89,508,013)

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be Restated recovered audited outcome
Cash flows			
Net cash from (used) operating			30,677,574
Net cash from (used) investing			(41,590)
Net cash from (used) financing			(15,290,159)
Net increase/(decrease) in cash and cash equivalents			15,345,825
Cash and cash equivalents at the beginning of the year			(19,359,375)
Cash and cash equivalents at year end			(4,013,550)

West Rand District Municipality Group

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)	Final adjustments	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Controlling entity - 2019											
Financial Performance											
Service charges	601,000	(601,000)	-	-	-	-	1,843,195	-	1,843,195	DIV/O %	307 %
Investment revenue	-	-	-	-	-	-	411,298	-	411,298	DIV/O %	127 %
Transfers recognised - operational	214,708,000	55,100,000	269,808,000	-	-	269,808,000	273,183,632	-	3,375,632	101 %	127 %
Other own revenue	124,286,000	(98,842,000)	25,444,000	-	-	25,444,000	37,995,099	-	12,551,099	149 %	31 %
Total revenue (excluding capital transfers and contributions)	339,595,000	(44,343,000)	295,252,000	-	-	295,252,000	313,433,224	-	18,181,224	106 %	92 %
Employee costs											
Remuneration of councillors	(168,329,000)	-	(168,329,000)	-	-	(168,329,000)	(176,743,161)	-	(8,414,161)	105 %	105 %
Debt impairment	(13,685,000)	-	(13,685,000)	-	-	(13,685,000)	(13,020,091)	-	664,909	95 %	95 %
Depreciation and asset impairment	(8,161,000)	-	(8,161,000)	-	-	(8,161,000)	(841,819)	-	(841,819)	DIV/O %	88 %
Finance charges	(1,486,000)	-	(1,486,000)	-	-	(1,486,000)	(10,982,622)	-	(9,496,622)	739 %	739 %
Transfers and grants	(4,392,000)	(7,796,000)	(12,188,000)	-	-	(12,188,000)	(13,144,340)	-	(956,340)	108 %	299 %
Other expenditure	(146,141,000)	58,918,000	(87,223,000)	-	-	(87,223,000)	(42,760,529)	-	44,462,471	49 %	29 %
Total expenditure	(342,194,000)	51,122,000	(291,072,000)	-	-	(291,072,000)	(264,698,082)	-	26,373,918	91 %	77 %
Surplus/(Deficit)	(2,599,000)	6,779,000	4,180,000	-	-	4,180,000	48,735,142	-	44,555,142	1,166 %	(1,875)%

West Rand District Municipality Group

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Contributions recognised - capital and contributed assets	-	-	-	-	-	-	254,590	-	254,590	DIV/0 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions	(2,599,000)	6,779,000	4,180,000	-	-	4,180,000	48,989,732	-	44,809,732	1,172 %	(1,885)%
Surplus/(Deficit) for the year	(2,599,000)	6,779,000	4,180,000	-	-	4,180,000	48,989,732	-	44,809,732	1,172 %	(1,885)%
Cash flows											
Net cash from (used) operating	51,438,000	(42,647,000)	8,791,000	-	-	8,791,000	24,442,004	-	15,651,004	278 %	48 %
Net cash from (used) investing	(43,277,000)	43,277,000	-	-	-	-	(35,257)	-	(35,257)	DIV/0 %	- %
Net cash from (used) financing	-	-	-	-	-	-	(15,547,021)	-	(15,547,021)	DIV/0 %	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	8,161,000	630,000	8,791,000	-	-	8,791,000	8,859,726	-	68,726	101 %	109 %
Cash and cash equivalents at the beginning of the year	(126,400,000)	120,046,000	(6,354,000)	-	-	(6,354,000)	(6,113,053)	-	240,947	96 %	5 %
Cash and cash equivalents at year end	(118,239,000)	120,676,000	2,437,000	-	-	2,437,000	2,746,673	-	(309,673)	113 %	(2)%

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Controlling entity - 2018				
Financial Performance				
Service charges				3,783,604
Investment revenue				954,005
Transfers recognised - operational				252,905,775
Other own revenue				27,232,543
Total revenue (excluding capital transfers and contributions)				284,875,927
Employee costs	-	-	-	(171,856,383)
Remuneration of councillors	-	-	-	(13,134,026)
Debt impairment	-	-	-	(5,523,032)
Depreciation and asset impairment	-	-	-	(86,630,085)
Finance charges	-	-	-	(6,768,309)
Transfers and grants	-	-	-	(13,972,195)
Other expenditure	-	-	-	(92,217,074)
Total expenditure	-	-	-	(390,101,084)
Surplus/(Deficit)				(105,225,157)
Transfers recognised - capital				10,690,440
Surplus (Deficit) after capital transfers and contributions				(94,534,717)
Surplus/(Deficit) for the year				(94,534,717)

West Rand District Municipality Group

(Registration number DC48)

Consolidated Annual Financial Statements for the year ended 30 June 2019

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Cash flows				
Net cash from (used) operating				28,659,324
Net cash from (used) investing				(14,340)
Net cash from (used) financing				(15,290,159)
Net increase/(decrease) in cash and cash equivalents				13,354,825
Cash and cash equivalents at the beginning of the year				(19,467,878)
Cash and cash equivalents at year end				(6,113,053)

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Figures in Rand

Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
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Legends:

A - In terms of mSCOA classification requirements fire and rescue services income are classified as other income while in terms of GRAP reporting they are classified as service charges.

B - The increase in rental relates to the effect of lease agreement renewal between the municipality and shops.

C - The item relates to interest charges on outstanding rates from lease agreements and was not budgeted for as 100% collection anticipated from the rental of shops.

D - The municipality recovered a portion of material loss disclosed in prior year.

E - In terms of the budget and planning stage the municipality classified funds expected as a result of VAT returns as other income while in terms of accounting treatment these funds are taken to VAT control account based on VAT reconciliations. Material under-collection relates to that classification and reduction of operating expenditure on vatiable supplies due to financial constraints.

F - Interest income relates to interest received on favourable bank balances as at 30 June 2019.

G - This relates to the unspent portion of government grants as at 30 June 2019.

H - The municipality collected less amount than anticipated on air quality and atmospheric licenses.

I - The municipality overspent on employee related costs due to expense reclassification in terms of mSCOA for current service costs on post retirement medical aid determined at year-end.

J - A decrease in depreciation is due to fixed assets that reached the end of their useful life during the year.

K - The finance cost relates to the leased laptops bought for councillors through finance lease. The material increase relates to the interest incurred on overdraft facilities and interest cost on post retirement medical aid.

L - Under expenditure in contracted services relates to reclassification of payments as finance lease payments for fire engines and rescue vehicles.

M - Over expenditure in transfers and subsidies relates to computation of pensioners medical aid based on the valuation assessment amde at year end for post retirement benefits on medical aid liability.

N - Fair value on biological assets and investment property were not budgeted for since it is a year-end estimate and requires the relevant qualified experts. Actuarial valuation was performed for medical aid liability and long service award provision.

O - Under expenditure on operating costs relates to the municipality heeding to cost containment measures in terms of circular 82 issued by National Treasury.

P - Department of Labour assessment provision was not budgeted for since it's a year-end estimate.

Q - Increase in receivables relates to billing made to the local municipalities on regional contributions. Fire and rescue accounts were levied during the year.

R - VAT receivable was not budgeted for. The municipality claims VAT on payment basis and reports on accrual basis.

S - Due to cost containment measures in terms of circular 82, some of the stock items were not procured during the year.

T - The study loan balance decreased due to recoveries made during the year.

U - This is due to payments made duirng the year basedd on cash flow assessment and additional income which was received.

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Figures in Rand

Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
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V - This results from actuarial valuation performed during the year and classification of short-term portion of medical aid liability.

W - This is due to the decrease in workmen's compensation provision and long service award provision.

Z - This relates to the unspent portion of government grants as at 30 June 2019.

AA - During the 2016/2017 financial year the municipality entered into finance lease agreement to lease five fire engines and five rescue vehicles due to service delivery demands. The movement relates finance lease payments made during the 2018/2019 financial year.

DD - The municipality did not budget for a positive cash balance due to financial constraints.

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Accounting Policies

1. Presentation of Consolidated Annual Financial Statements

The consolidated consolidated annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These consolidated consolidated annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

The municipality and its entity have complied with the municipal standard chart of accounts (mSCOA) in terms of mSCOA regulations. The primary objective of mSCOA is to achieve an acceptable level of uniformity and quality from the collection of data. The data is then used to compile both budgets and financial statements. Budget and financial transactions are captured in the system using seven segment codes.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these consolidated consolidated annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These consolidated consolidated annual financial statements are presented in South African Rand, which is the functional currency of the economic entity.

1.2 Going concern assumption

These consolidated consolidated annual financial statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

1.3 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

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Accounting Policies

1.4 Transfer of functions between entities under common control

Definitions

An acquirer is the economic entity that obtains control of the acquiree or transferor.

Carrying amount of an asset or liability is the amount at which an asset or liability is recognised in the statement of financial position.

Control is the power to govern the financial and operating policies of another economic entity so as to benefit from its activities.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an economic entity's objectives, either by providing economic benefits or service potential.

A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified.

Transfer date is the date on which the acquirer obtains control of the function and the transferor loses control of that function.

A transfer of functions is the reorganisation and/or the re-allocation of functions between entities by transferring functions between entities or into another economic entity.

A transferor is the economic entity that relinquishes control of a function.

Common control - For a transaction or event to occur between entities under common control, the transaction or event needs to be undertaken between entities within the same sphere of government or between entities that are part of the same economic entity. Entities that are ultimately controlled by the same entity before and after the transfer of functions are within the same economic entity.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an economic entity's objectives, either by providing economic benefits or service potential. A function consists of inputs and processes applied to those inputs that have the ability to create outputs. A function can either be a part or a portion of an entity or can consist of the whole economic entity. Although functions may have outputs, outputs are not required to qualify as a function. The three elements of a function are defined as follows:

- Input: Any resource that creates, or has the ability to create, outputs when one or more processes are applied to it.
- Process: Any system, standard, protocol, convention or rule that when applied to an input or inputs, creates or has the ability to create outputs.
- Output: The result of inputs and processes applied to achieve and improve efficiency. This may be in the form of achieving service delivery objectives, or the delivery of goods and/or services.

Identifying the acquirer and transferor

For each transfer of functions between entities under common control an acquirer and transferor are identified. All relevant facts and circumstances are considered in identifying the acquirer and transferor.

The terms and conditions of a transfer of functions undertaken between entities under common control are set out in a binding arrangement. The binding arrangement governing the terms and conditions of a transfer of functions may identify which economic entity to the transaction or event is the transferor(s) and which economic entity is the acquirer. Where the binding arrangement does not clearly identify the acquirer or the transferor, the behaviour or actions of the entities may indicate which economic entity is the acquirer and which economic entity is the transferor.

Determining the acquirer includes a consideration of, amongst other things, which of the entities involved in the transfer of functions initiated the transaction or event, the relative size of the entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

Determining the transfer date

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function.

All relevant facts and circumstances are considered in identifying the transfer date.

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Consolidated Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.4 Transfer of functions between entities under common control (continued)

Assets acquired [transferred] and liabilities assumed [relinquished]

The recognition of assets and liabilities, is subject to the following conditions:

The assets acquired and the liabilities assumed are part of what had been agreed in terms of the binding arrangement (if applicable), rather than the result of separate transactions.

Determining what is part of the transfer of functions transaction

Where the economic entity and the transferor have a pre-existing relationship before or when negotiations for a transfer of functions began, or where a binding arrangement is entered into during the negotiations that are separate from a transfer of functions, any amounts that are not part of what were transferred in a transfer of functions are identified. This policy only applies to the consideration transferred and the assets acquired and liabilities assumed in a transfer of functions as governed by the terms and conditions of the binding arrangement.

The following factors are considered, which are neither mutually exclusive nor individually conclusive, to determine whether a transaction is part of a transfer or function or whether the transaction is separate:

- the reasons for the transaction
- the timing of the transaction

Accounting by the entity as transferor

Derecognition of assets transferred and liabilities relinquished

As of the transfer date, the economic entity derecognises from its consolidated consolidated annual financial statements, all the assets transferred and liabilities relinquished in a transfer of functions at their carrying amounts.

Until the transfer date, the economic entity continues to measure these assets and liabilities in accordance with applicable Standards of GRAP.

The consideration received from the acquirer can be in the form of cash, cash equivalents or other assets. If the consideration received is in the form of other assets, the economic entity measures such assets at their fair value on the transfer date in accordance with the applicable Standard of GRAP. The difference between the carrying amounts of the assets transferred, the liabilities relinquished and the consideration received from the acquirer is recognised in accumulated surplus or deficit.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the consolidated consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated consolidated annual financial statements.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The economic entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

1.6 Biological assets that form part of an agricultural activity

The entity recognises biological assets that form part of an agricultural activity or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity; and
- the fair value or cost of the asset can be measured reliably.

Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.

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Accounting Policies

1.6 Biological assets that form part of an agricultural activity (continued)

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

1.7 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the economic entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

1.8 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the economic entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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Accounting Policies

1.8 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	7 - 30 years
Plant and machinery	Straight line	5 - 20 years
Furniture and fixtures	Straight line	3 - 17 years
Specialised vehicles	Straight line	5 - 20 years
Other vehicles	Straight line	3 - 20 years
Office equipment	Straight line	3 - 17 years
Roads and stormwater	Straight line	20 - 30 years
Water	Straight line	20 - 30 years
Community	Straight line	20 - 30 years
Emergency equipment	Straight line	5 - 15 years
Water craft	Straight line	5 - 15 years
Security measures	Straight line	5 - 14 years
Other leased assets	Straight line	2 - 3 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the economic entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The economic entity assesses at each reporting date whether there is any indication that the economic entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the economic entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The assets derecognised and not yet sold are held under non-current assets held for sale. These assets are disclosed under non-current assets when it's expected that the sale will be concluded within a period of 12 months.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.9 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the economic entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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Accounting Policies

1.9 Intangible assets (continued)

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity; and
- the cost or fair value of the asset can be measured reliably.

The economic entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3 years

The economic entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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Accounting Policies

1.10 Financial instruments (continued)

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;

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Accounting Policies

1.10 Financial instruments (continued)

- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking; or
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Long term receivables	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Transfers payable (non-exchange)	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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Accounting Policies

1.11 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The economic entity does not recognise any finance charges on leases where there is no interest rate implicit in the lease.

The interest rate implicit in the lease is the discount rate that, at the inception of the lease, causes the aggregate present value of

- (a) the minimum lease payments; and
- (b) the unguaranteed residual value

to be equal to the sum of (i) the fair value of the leased asset; and (ii) any initial direct costs of the lessor.

A finance lease gives rise to a depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable assets shall be consistent with that for depreciable assets that are owned, and the depreciation recognised shall be calculated in accordance with the Standard of GRAP on Property, Plant and Equipment and the International Accounting Standard on Intangible Assets. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Current replacement cost is the cost the economic entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

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Accounting Policies

1.12 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the economic entity; or
- the number of production or similar units expected to be obtained from the asset by the economic entity.

Designation

At initial recognition, the economic entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an economic entity's objective of using the asset.

The economic entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The economic entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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1.13 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The economic entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the economic entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

1.15 Provisions and contingencies

Provisions are recognised when:

- the economic entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the economic entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

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1.15 Provisions and contingencies (continued)

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the economic entity

No obligation arises as a consequence of the sale or transfer of an operation until the economic entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 41.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the economic entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the economic entity considers that an outflow of economic resources is probable, an economic entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.16 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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1.16 Commitments (continued)

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.18 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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1.18 Revenue from non-exchange transactions (continued)

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Grants and subsidies in-kind

Grants and subsidies in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the consolidated financial statements.

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Accounting Policies

1.23 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the consolidated financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

1.24 Budget Information

Economic Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2018/07/01 to 2019/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The consolidated annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.25 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the economic entity, including those charged with the governance of the economic entity in accordance with legislation, in instances where they are required to perform such functions.

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Accounting Policies

1.25 Related parties (continued)

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the economic entity.

The economic entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the economic entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the economic entity is exempt from the disclosures in accordance with the above, the economic entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its consolidated consolidated annual financial statements.

1.26 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The economic entity will adjust the amount recognised in the consolidated financial statements to reflect adjusting events after the reporting date once the event occurred.

The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the consolidated financial statements.

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	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Directive 7 (revised): The Application of Deemed Cost	01 April 2019	Unlikely there will be a material impact
• GRAP 104 (revised): Financial Instruments	01 April 2019	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01 April 2020	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2019	Unlikely there will be a material impact
• GRAP 18 (as amended 2016): Segment Reporting	01 April 2019	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Unlikely there will be a material impact
• IGRAP 11: Consolidation – Special purpose entities	01 April 2019	Unlikely there will be a material impact
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	Unlikely there will be a material impact

3. Inventories

Consumable stores	99,093	178,505	99,093	178,505
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4. Receivables from exchange transactions

Contributions from local municipalities	39,625,800	23,125,800	39,625,800	23,125,800
Rental debtor	5,225	-	-	-
Accrued interest	24,772	-	-	-
Other consumer debtors	5,999,946	6,380,824	5,999,946	6,380,824
Fire debtors	3,691,801	3,424,285	3,691,801	3,424,285
Impairment of receivables	(7,947,610)	(7,105,790)	(7,947,610)	(7,105,790)
	41,399,934	25,825,119	41,369,937	25,825,119

Trade and other receivables impaired

As of 30 June 2019, trade and other receivables of R 49,347,544 (2018: R 32,930,909) were impaired and provided for.

The amount of the provision was R (7,947,610) as of 30 June 2019 (2018: R 7,105,790).

The ageing of these loans is as follows:

3 to 6 months	807,610	426,630	807,610	426,630
Over 6 months	7,140,000	6,679,160	7,140,000	6,679,160

5. VAT receivable

VAT	-	2,632,092	4,188,821	6,585,979
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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
5. VAT receivable (continued)				
The amount relates to amounts receivable from SARS as at 30 June 2019.				
6. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	7,856	1,093	7,505	398
Bank balances	2,988,496	2,097,124	2,736,202	-
Short-term deposits	4,513,755	4,649	2,966	2,966
Overnight facility	-	(6,116,417)	-	(6,116,417)
	7,510,107	(4,013,551)	2,746,673	(6,113,053)
Current assets	7,510,107	-	2,746,673	-
Current liabilities	-	(4,013,551)	-	(6,113,053)
	7,510,107	(4,013,551)	2,746,673	(6,113,053)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
First National Bank - Corporate (Parent)	2,438,145	-	-	2,449,266	-	-
Standard Bank - Corporate (Parent)	47,183	(6,356,424)	2,141,764	287,203	(6,116,289)	2,531,511
Standard Bank - Call Account (Parent)	2,967	2,967	149,723	2,966	2,967	149,723
VBS Overnight Facility (Parent)	-	-	(22,000,000)	-	-	(22,000,000)
VBS Fixed Deposit (Parent)	-	76,114,645	-	-	-	-
Heritage Account (Parent)	-	(93)	(139)	-	(93)	(139)
Petty Cash (Parent)	-	-	-	7,205	398	750
Cash float	-	-	-	-	-	300
First National Bank - Cheque Account (Entity)	(2,322)	-	-	(2,322)	-	-
Standard Bank - Current Account (Entity)	114,160	2,097,124	106,785	254,619	254,619	2,097,124
Standard Bank - Call Account (Entity)	4,510,789	1,683	1,683	4,510,789	1,683	1,683
Petty Cash (Entity)	-	-	-	351	695	35
Total	7,110,922	71,859,902	(19,600,184)	7,510,077	(5,856,020)	(17,219,013)

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Figures in Rand

7. Biological assets that form part of an agricultural activity

Economic entity	2019		2018	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
Biological assets - Flowers	331,058	-	331,058	338,212
Controlling entity	2019		2018	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
Biological assets - Flowers	331,058	-	331,058	338,212

Reconciliation of biological assets that form part of an agricultural activity - Economic entity - 2019

	Opening balance	Gains or losses arising from changes in fair value	Total
Biological assets - Flowers	338,212	(7,154)	331,058

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Figures in Rand

7. Biological assets that form part of an agricultural activity (continued)

Reconciliation of biological assets that form part of an agricultural activity - Economic entity - 2018

	Opening balance	Gains or losses arising from changes in fair value	Total
Biological assets - Flowers	1,112,131	(773,919)	338,212

Reconciliation of biological assets that form part of an agricultural activity - Controlling entity - 2019

	Opening balance	Gains or losses arising from changes in fair value	Total
Biological assets - Flowers	338,212	(7,154)	331,058

Reconciliation of biological assets that form part of an agricultural activity - Controlling entity - 2018

	Opening balance	Gains or losses arising from changes in fair value	Total
Biological assets - Flowers	1,112,131	(773,919)	338,212

Non-financial information

Quantities of each biological asset

Biological assets - Flowers	214,080	239,160	214,080	239,160
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The municipality performed a physical verification of all biological assets at 30 June 2019.

A register of all biological assets is available at the Local Economic Development (LED) office of the WRDM for inspection.

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	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

7. Biological assets that form part of an agricultural activity (continued)

Methods and assumptions used in determining fair value

The fair value of the different varieties of plants (flowers) were determined by the Multiflora Auction Market. Multiflora Auction Market is the outlet through which the flowers are sold. The decrease in fair value is due to less flowers planted which were valued at year-end compared to the previous financial year.

8. Investment property

Economic entity	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	5,600,000	-	5,600,000	5,100,000	-	5,100,000

Controlling entity	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	5,600,000	-	5,600,000	5,100,000	-	5,100,000

Reconciliation of investment property - Economic entity - 2019

	Opening balance	Fair value adjustments	Total
Investment property	5,100,000	500,000	5,600,000

Reconciliation of investment property - Economic entity - 2018

	Opening balance	Fair value adjustments	Total
Investment property	4,680,000	420,000	5,100,000

Reconciliation of investment property - Controlling entity - 2019

	Opening balance	Fair value adjustments	Total
Investment property	5,100,000	500,000	5,600,000

Reconciliation of investment property - Controlling entity - 2018

	Opening balance	Fair value adjustments	Total
Investment property	4,680,000	420,000	5,100,000

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018

8. Investment property (continued)

The effective date of the revaluations was 30 June 2019. Revaluations were performed by an independent valuer, Hangwani Matidza (Professional Valuer-SACPVP Reg no: 4953/7). Hangwani Matidza is not connected to the municipality and has recent experience in location and the category of the investment property being valued.

The valuation was based on the rental income payable by BP Southern Africa in terms of the signed rental agreement using the income capitalised approach.

These assumptions are based on current market conditions.

Amounts recognised in surplus and deficit for the year:

Income and expenditure

Rental revenue from investment property	705,941	673,225	705,941	673,225
Direct operating expenses from rental generating property	(121,498)	(179,837)	(121,498)	(179,837)
	584,443	493,388	584,443	493,388

9. Property, plant and equipment

Economic entity	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	12,118,881	-	12,118,881	12,118,881	-	12,118,881
Buildings	43,432,223	(31,096,686)	12,335,537	43,636,131	(29,620,593)	14,015,538
Plant and machinery	4,776,587	(4,515,690)	260,897	4,776,587	(4,386,880)	389,707
Furniture and fixtures	5,276,859	(4,665,779)	611,080	5,272,512	(4,458,203)	814,309
Motor vehicles	13,744,595	(12,311,346)	1,433,249	13,744,595	(11,420,450)	2,324,145
Infrastructure	8,684,377	(4,518,507)	4,165,870	8,684,377	(3,984,636)	4,699,741
Security measures	5,061,649	(4,874,921)	186,728	5,061,649	(4,741,001)	320,648
Emergency equipment	3,464,909	(3,340,402)	124,507	3,464,909	(3,252,026)	212,883
Other property, plant and equipment	20,340	(18,059)	2,281	20,340	(17,493)	2,847
Electrical equipment	152,259	(71,056)	81,203	152,259	(62,598)	89,661
Office equipment	12,714,037	(11,890,210)	823,827	12,433,457	(11,336,304)	1,097,153
Other assets	3,972,545	(3,208,272)	764,273	3,972,545	(3,167,911)	804,634
Finance lease fire engines and rescue vehicles	34,851,683	(4,408,355)	30,443,328	34,851,683	(2,670,179)	32,181,504
Roads	1,683,600	(1,388,884)	294,716	1,683,600	(1,367,853)	315,747
Electrical reticulation	325,590	(285,636)	39,954	325,590	(283,535)	42,055
Leased computer equipment	203,405	(194,838)	8,567	203,405	(125,651)	77,754
Specialised vehicles	4,978,139	(2,163,807)	2,814,332	4,978,139	(1,611,977)	3,366,162
Community facilities	9,757,656	(4,700,005)	5,057,651	9,757,656	(3,964,347)	5,793,309
Total	165,219,334	(93,652,453)	71,566,881	165,138,315	(86,471,637)	78,666,678

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018

9. Property, plant and equipment (continued)

Controlling entity	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,425,001	-	1,425,001	1,425,001	-	1,425,001
Buildings	37,529,231	(25,975,862)	11,553,369	37,529,231	(24,356,747)	13,172,484
Plant and machinery	4,542,347	(4,301,297)	241,050	4,542,347	(4,195,303)	347,044
Furniture and fixtures	4,759,999	(4,240,370)	519,629	4,755,652	(4,063,300)	692,352
Motor vehicles	13,744,595	(12,311,346)	1,433,249	13,744,595	(11,420,450)	2,324,145
Infrastructure	8,684,377	(4,518,507)	4,165,870	8,684,377	(3,984,636)	4,699,741
Security measures	5,061,649	(4,874,921)	186,728	5,061,649	(4,741,001)	320,648
Emergency equipment	3,464,909	(3,340,402)	124,507	3,464,909	(3,252,026)	212,883
Other property, plant and equipment	20,340	(18,059)	2,281	20,340	(17,493)	2,847
Electrical equipment	152,259	(71,056)	81,203	152,259	(62,598)	89,681
Office equipment	12,421,292	(11,621,230)	800,062	12,149,822	(11,068,826)	1,080,996
Finance lease fire engines and rescue vehicles	34,763,519	(4,320,191)	30,443,328	34,763,519	(2,582,015)	32,181,504
Leased computer equipment	203,405	(194,838)	8,567	203,405	(125,651)	77,754
Specialised vehicles	4,978,139	(2,163,807)	2,814,332	4,978,139	(1,611,977)	3,366,162
Community facilities	9,757,656	(4,700,005)	5,057,651	9,757,656	(3,964,347)	5,793,309
Total	141,508,718	(82,651,891)	58,856,827	141,232,901	(75,446,370)	65,786,531

Reconciliation of property, plant and equipment - Economic entity - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Land	12,118,881	-	-	-	12,118,881
Buildings	14,015,538	-	(27,193)	(1,652,808)	12,335,537
Plant and machinery	389,707	-	-	(128,810)	260,897
Furniture and fixtures	814,309	4,347	-	(207,576)	611,080
Motor vehicles	2,324,145	-	-	(890,896)	1,433,249
Infrastructure	4,699,741	-	-	(533,871)	4,165,870
Security measures	320,648	-	-	(133,920)	186,728
Emergency equipment	212,883	-	-	(88,376)	124,507
Other property, plant and equipment	2,847	-	-	(566)	2,281
Electrical equipment	89,661	-	-	(8,458)	81,203
Office equipment	1,097,153	288,320	-	(561,646)	823,827
Other assets	804,634	-	-	(40,361)	764,273
Finance lease fire engines and rescue vehicles	32,181,504	-	-	(1,738,176)	30,443,328
Roads	315,747	-	-	(21,031)	294,716
Electrical reticulation	42,055	-	-	(2,101)	39,954
Leased computer equipment	77,754	-	-	(69,187)	8,567
Specialised vehicles	3,366,162	-	-	(551,830)	2,814,332
Community facilities	5,793,309	-	-	(735,658)	5,057,651
	78,666,678	292,667	(27,193)	(7,365,271)	71,566,881

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	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Land	12,118,881	-	-	-	12,118,881
Buildings	16,919,118	-	(959,436)	(1,944,144)	14,015,538
Plant and machinery	891,982	27,250	(244,669)	(284,856)	389,707
Furniture and fixtures	1,217,599	1,183	(18,034)	(386,439)	814,309
Motor vehicles	4,831,396	-	(242,660)	(2,264,591)	2,324,145
Infrastructure	5,327,075	-	-	(627,334)	4,699,741
Security measures	757,259	-	(2,252)	(434,359)	320,648
Emergency equipment	445,630	-	(396)	(232,351)	212,883
Other property, plant and equipment	26,435	-	(7,474)	(16,114)	2,847
Electrical equipment	99,001	-	-	(9,340)	89,661
Office equipment	2,315,563	13,157	(11,393)	(1,220,174)	1,097,153
Other assets	872,294	-	-	(67,660)	804,834
Finance lease fire engines and rescue vehicles	33,919,680	-	-	(1,738,176)	32,181,504
Roads	791,494	-	(449,984)	(25,763)	315,747
Electrical reticulation	43,941	-	-	(1,886)	42,055
Leased computer equipment	146,941	-	-	(69,187)	77,754
Specialised vehicles	4,026,193	-	-	(660,031)	3,366,162
Community facilities	6,635,972	-	-	(842,683)	5,793,309
	91,386,454	41,590	(1,936,298)	(10,825,068)	78,666,678

Reconciliation of property, plant and equipment - Controlling entity - 2019

	Opening balance	Additions	Depreciation	Total
Land	1,425,001	-	-	1,425,001
Buildings	13,172,484	-	(1,619,115)	11,553,369
Plant and machinery	347,044	-	(105,994)	241,050
Furniture and fixtures	692,352	4,347	(177,070)	519,629
Motor vehicles	2,324,145	-	(890,896)	1,433,249
Infrastructure	4,699,741	-	(533,871)	4,165,870
Security measures	320,648	-	(133,920)	186,728
Emergency equipment	212,883	-	(88,376)	124,507
Other property, plant and equipment	2,847	-	(566)	2,281
Electrical equipment	89,661	-	(8,458)	81,203
Office equipment	1,080,996	271,470	(552,404)	800,062
Finance lease fire engines and rescue vehicles	32,181,504	-	(1,738,176)	30,443,328
Leased computer equipment	77,754	-	(69,187)	8,567
Specialised vehicles	3,366,162	-	(551,830)	2,814,332
Community facilities	5,793,309	-	(735,658)	5,057,651
	65,786,531	275,817	(7,205,521)	58,856,827

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	2019	2018	2019	2018

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Land	1,425,001	-	-	-	1,425,001
Buildings	15,076,747	-	-	(1,904,263)	13,172,484
Plant and machinery	591,731	-	(6,096)	(238,591)	347,044
Furniture and fixtures	1,011,180	1,183	(18,034)	(301,977)	692,352
Motor vehicles	4,831,396	-	(242,660)	(2,264,591)	2,324,145
Infrastructure	5,327,075	-	-	(627,334)	4,699,741
Security measures	757,259	-	(2,252)	(434,359)	320,648
Emergency equipment	445,630	-	(396)	(232,351)	212,883
Other property, plant and equipment	26,435	-	(7,474)	(16,114)	2,847
Electrical equipment	99,001	-	-	(9,340)	89,661
Office equipment	2,240,026	13,157	(11,393)	(1,160,794)	1,080,996
Finance lease fire engines and rescue vehicles	33,919,680	-	-	(1,738,176)	32,181,504
Leased computer equipment	146,941	-	-	(69,187)	77,754
Specialised vehicles	4,026,193	-	-	(660,031)	3,366,162
Community facilities	6,635,972	-	-	(842,663)	5,793,309
	76,560,267	14,340	(288,305)	(10,499,771)	65,786,531

A decision was taken by Council of the parent municipality on 31 August 2017 for the Directors to proceed with the disposal of Katlego facilities. On that date these assets were classified as non-current assets held for sale. These assets were then sold to Kretsmar Estates cc trading (Rhino and Lion) on 16 October 2017 at the fair value of R5,260,125. On the date of sale these assets had a carrying value amounting to R1,647,993.

During the 2018/2019 financial year the improvements on the building which was leased to WRDA were donated to Rand West City Local Municipality since the building is now being utilised by its owner (Rand West City Local Municipality) and these improvements have been written off.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The municipality has included in the property, plant and equipment note assets which have been fully depreciated in accordance with GRAP 17.

10. Intangible assets

Economic entity	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2,828,227	(2,828,223)	4	2,828,227	(2,828,163)	64

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	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

10. Intangible assets (continued)

Controlling entity	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2,716,412	(2,716,409)	3	2,716,412	(2,716,409)	3

Reconciliation of intangible assets - Economic entity - 2019

	Opening balance	Amortisation	Total
Computer software	64	(60)	4

Reconciliation of intangible assets - Economic entity - 2018

	Opening balance	Amortisation	Total
Computer software	17,933	(17,869)	64

Reconciliation of intangible assets - Controlling entity - 2019

	Opening balance	Total
Computer software	3	3

Reconciliation of intangible assets - Controlling entity - 2018

	Opening balance	Other changes, movements	Total
Computer software	2	1	3

11. Long-term receivables

Long term receivables comprises of study assistance that were previously allocated to employees in accordance with council approved policy. The study assistance has since been abolished on implementation of cost containment.

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
12. Finance lease obligation				
Minimum lease payments due				
- within one year	6,869,302	13,326,018	6,869,302	13,326,018
- in second to fifth year inclusive	-	6,897,227	-	6,897,227
Present value of minimum lease payments	6,869,302	20,223,245	6,869,302	20,223,245
Present value of minimum lease payments due				
- within one year	6,869,302	13,326,018	6,869,302	13,326,018
- in second to fifth year inclusive	-	6,897,227	-	6,897,227
	6,869,302	20,223,245	6,869,302	20,223,245
Non-current liabilities	-	6,897,227	-	6,897,227
Current liabilities	6,869,302	13,328,018	6,869,302	13,326,018
	6,869,302	20,223,245	6,869,302	20,223,245

It is economic entity policy to lease fire engines & rescue vehicles and computer equipment (councillors laptops) under finance leases.

The average lease term for fire engines/ rescue vehicles is 3 years and for computer equipment is 2 years.

All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The economic entity has not recognised finance costs on lease of fire engines and rescue vehicles in accordance with applicable accounting policy of the WRDM.

13. Payables from exchange transactions

Trade payables	45,950,154	56,079,295	45,133,559	59,140,165
Debtors with credit balances	463,383	271,843	463,383	426,886
Salaries payable	190,995	14,544,382	190,995	14,544,382
Leave payable	24,523,719	18,559,252	24,375,581	18,314,614
Stock in transit	14,096	14,096	14,096	14,096
	71,142,347	89,468,868	70,177,614	92,440,143

(1) Included in trade payables of the WRDA is R3,001,189 accrued for municipal levies from Rand West City Local Municipality. This account reflected a payable of R603,376 at 01 July 2018. The account is presently under dispute as it does not reflect the consumption made by the entity at Donaldson Dam.

14. Transfers payable (non-exchange)

Transfers payable	30,444,344	30,444,344	30,444,344	30,444,344
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Transfers payable amount relates to amount from Provincial Human Settlements in terms of implementation protocol and the unspent portion is payable to Gauteng Department of Human Settlements. The funds were withheld with the VBS Mutual Bank which was placed under curatorship from 11 March 2018.

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
15. Unspent conditional grants and receipts				
Unspent conditional grants and receipts comprises of:				
Unspent conditional grants and receipts				
Fire brigade service grant (3)	20,108,423	-	20,108,423	-
Gauteng Department of Agriculture and Rural Development (1)	5,633,395	2,000,000	5,633,395	2,000,000
Disaster Management Grant (4)	7,876,550	-	7,876,550	-
Neighbourhood Development Partnership Grant (2)	14,196,560	42,586,560	14,196,560	42,586,560
	47,814,928	44,586,560	47,814,928	44,586,560
Movement during the year				
Balance at the beginning of the year	44,586,560	-	44,586,560	-
Additions during the year	276,412,000	308,182,775	276,412,000	308,182,775
Income recognition during the year	(273,183,632)	(263,596,215)	(273,183,632)	(263,596,215)
	47,814,928	44,586,560	47,814,928	44,586,560

(1) This grant was transferred to the municipality during April 2018. The municipality transferred this amount to WRDA during May 2018 to assist with operationalising the Milling Plant. Further R4 million was received during the year under review (2018/19), however the funds were not sufficient to cover the scope required to operationalise the milling plant. Therefore the funds were returned back to Provincial government revenue fund net of the electricity and security cost incurred between 1 July 2018 to June 2019.

(2) The funds are withheld with VBS Mutual Bank which is presented under curatorship from 11 March 2018. The municipality entered into a repayment arrangement with National Treasury which the amounts were offset in three equal installments against the equitable share. The last installment of R14.1 million was paid in July 2019.

(3) This grant was transferred on May 2019 and is utilised to subsidise fire and rescue service operations since the fire services function is an unfunded mandate. In terms of the agreement between COGTA and the municipality this is a multi-year grant. This assisted the municipality in making payments for specialised vehicles (fire engines and mini rescue vehicles) acquired through finance lease and to finance other operational requirements.

(4) This grant was transferred to the municipality on June 2019 and is used to assist with the disaster management issues within West Rand region. In terms of the agreement between COGTA and the municipality this is a multi-year grant.

See note 26 for reconciliation of grants from National/ Provincial government.

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Figures in Rand	2019	2018	2019	2018

16. Provisions

Reconciliation of provisions - Economic entity - 2019

	Opening Balance	Additions	Movement	Reversed during the year	Total
Performance bonus	1,135,660	-	-	(201,593)	934,067
Department of labour assessment provision (1)	2,520,038	1,159,070	(900,000)	-	2,779,108
	3,655,698	1,159,070	(900,000)	(201,593)	3,713,175

Reconciliation of provisions - Economic entity - 2018

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Long service award provision	12,240,674	2,195,000	(906,427)	(13,529,247)	-
Performance bonus	1,039,671	95,989	-	-	1,135,660
Department of labour assessment provision	1,007,837	1,854,205	(342,004)	-	2,520,038
	14,288,182	4,145,194	(1,248,431)	(13,529,247)	3,655,698

Reconciliation of provisions - Controlling entity - 2019

	Opening Balance	Additions	Movement	Reversed during the year	Total
Performance bonus	1,135,660	-	-	(201,593)	934,067
Department of labour assessment provision	2,520,038	1,159,070	(900,000)	-	2,779,108
	3,655,698	1,159,070	(900,000)	(201,593)	3,713,175

Reconciliation of provisions - Controlling entity - 2018

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Long term service award provision	12,240,674	2,195,000	(906,427)	(13,529,247)	-
Performance bonus	1,039,671	95,989	-	-	1,135,660
Department of labour assessment provision	1,007,837	1,854,205	(342,004)	-	2,520,038
	14,288,182	4,145,194	(1,248,431)	(13,529,247)	3,655,698

(1) The Department of Labour introduced a new system during the financial year, and correspondence on amounts outstanding sent to are sent to the municipality. The municipality entered into an arrangement to settle the balance outstanding. At year end, the system could not generate a new assessment due to arrangements in place. The total provision by the municipality is based on 1% of basic earnings.

17. VAT payable

Transfers payable	115,828	-	-	-
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This amount relates to amounts owed to SARS as at 30 June 2019.

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Figures in Rand	2019	2018	2019	2018
18. Employee benefit obligations				
Post-Retirement Medical Obligation (Non-Current)	53,786,591	54,927,163	53,786,591	54,927,163
Post-Retirement Medical Plan Obligation (Current)	2,494,905	1,666,873	2,494,905	1,666,873
	56,281,496	56,594,036	56,281,496	56,594,036

Defined benefit plan

An actuarial valuation has been performed of the liability in respect of post-employment medical aid benefits to employees and retirees of the WRDM, and to their registered dependants as at 30 June 2019. An independent Actuarial Valuer, One Pangaea Financial, was appointed by the WRDM to perform these valuations. The company is practicing according to the conditions and requirements of the Actuarial Society of South Africa. D.T Mureriwa is a qualified member of the Actuarial Society of South Africa.

The valuation considers all employees, retired employees and their dependants who participate in the medical aid arrangements and are entitled to a post-employment medical aid subsidy. The post-employment medical aid subsidy liability is not a funded, i.e no separate assets have been set aside to meet this liability. The Accounting Standards require that an employer's liability be based on the cost of the benefits provided by the employer.

The Medical Schemes Act 1998 enforces community ratings which means that the contributions payable by retirees are the same as those paid by young members. The employer's cost can therefore be taken as the expected contributions only, as opposed to the expected cost of actual medical aid benefits.

Post retirement medical aid plan

The municipality offers employees and continuation members the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to the levels of cover. Upon retirement a retired employee may continue membership of the medical aid scheme. Upon a member's death-in-service or death-on-retirement the surviving dependants may continue membership of the medical scheme.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	56,594,036	51,940,688	56,594,036	51,940,688
Benefits paid	(1,666,873)	(1,565,525)	(1,666,873)	(1,565,525)
Net expense recognised in the statement of financial performance	1,354,333	6,218,875	1,354,333	6,218,875
	56,281,496	56,594,036	56,281,496	56,594,036

Net expense recognised in the statement of financial performance

Current service cost	2,886,074	2,818,958	2,886,074	2,818,958
Interest cost	9,243,129	5,079,982	9,243,129	5,079,982
Actuarial (gains) losses	(10,774,870)	(1,680,065)	(10,774,870)	(1,680,065)
	1,354,333	6,218,875	1,354,333	6,218,875

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	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

18. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10.69 %	9.80 %	10.69 %	9.80 %
Health care cost inflation	7.99 %	7.66 %	7.99 %	7.66 %
Consumer price inflation	6.49 %	6.16 %	6.49 %	6.16 %
Net discount rate	2.50 %	1.99 %	2.50 %	1.99 %

Medical Scheme Arrangements

The WRDM offers employees and continued members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Contribution Rate Structure

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income.

Financial Assumptions

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 10.69% per annum has been used. These rates do not reflect any adjustment for taxation. These rates were deducted from yield curve obtained from the Bond Exchange of South Africa after the market closed on 30 June 2019.

Key Demographic Assumptions

The normal retirement age of employees is 65. It has been assumed that in-service members will retire at age 63, which then implicitly allows for expected rates of early and ill-health retirement.

It has been assumed that 100% of in-service members will remain on the municipality's health care arrangement should they stay until retirement.

It has been assumed that female spouses will be four years younger than their male counterparts. Further, we have assumed that 95% of eligible employees on a health care arrangement at retirement will have an adult dependant. For current retiree members, actual marital status was used and the potential for remarriage was ignored.

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Figures in Rand	2019	2018	2019	2018

18. Employee benefit obligations (continued)

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	10,313,894	7,355,424	10,313,894	7,355,424
Effect on defined benefit obligation	65,713,010	48,670,801	65,713,010	48,670,801

Amounts for the current and previous four years are as follows:

	2019 R	2018 R	2017 R	2016 R	2015 R
Defined benefit obligation	56,281,496	56,594,036	51,940,686	53,364,877	59,400,737

19. Service charges

Service charges	592,096	654,786	592,096	854,786
Fire and rescue services	1,251,099	3,046,184	1,251,099	3,046,184
Other service charges	-	82,634	-	82,634
	1,843,195	3,783,604	1,843,195	3,783,604

20. Rental of facilities and equipment

Premises				
Premises	53,739	89,349	-	-
Facilities and equipment				
Rental of facilities	1,679,212	1,507,314	1,388,155	1,358,030
Parking spaces	178,114	164,080	178,114	164,080
	1,857,326	1,671,394	1,566,269	1,522,110
	1,911,065	1,760,743	1,566,269	1,522,110

21. Licences and permits (exchange)

Atmospheric air quality licensing	421,739	287,567	421,739	287,567
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22. Recoveries

Funds recovered from MGF pension fund	5,226	1,774,999	5,226	1,774,999
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Figures in Rand	2019	2018	2019	2018
23. Other income				
Sundry income	-	2,632	-	2,632
Contributions from local municipalities (1)	24,000,000	7,500,000	24,000,000	7,500,000
Sale of plants	1,234	9,193	1,234	9,193
LG SETA	189,145	447,306	189,145	447,306
	24,190,379	7,959,131	24,190,379	7,959,131

(1) Contributions from local municipalities relates to contributions made on regional transformation supporting the West Rand region to become a metro in future.

24. Investment revenue

Interest revenue				
Favourable balance	411,298	954,005	411,298	954,005
Investment	184,878	-	-	-
	596,176	954,005	411,298	954,005

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
25. Government grants and subsidies				
Operating grants				
Equitable share	34,742,000	31,607,999	34,742,000	31,607,999
Expanded Public Works Programme	1,105,000	1,000,000	1,105,000	1,000,000
Financial Management Grant	1,000,000	1,250,000	1,000,000	1,250,000
RSC Replacement grant	163,265,000	161,579,000	163,265,000	161,579,000
Fire brigade services grant	57,391,577	15,000,000	57,391,577	15,000,000
Disaster Management grant	2,123,450	-	2,123,450	-
HIV/Aids grant	7,796,000	7,424,120	7,796,000	7,424,120
Network Libraries	2,800,000	2,800,000	2,800,000	2,800,000
Rural Asset Management Grant	2,594,000	2,589,000	2,594,000	2,589,000
Distressed mining town grant	-	29,655,656	-	29,655,656
Gauteng Department of Agriculture and Rural Development	366,605	-	366,605	-
	273,183,632	252,905,775	273,183,632	252,905,775
Capital grants				
Neighborhood Development Partnership grant	-	10,690,440	-	10,690,440
	273,183,632	263,596,215	273,183,632	263,596,215
Conditional and Unconditional				
Included in above are the following grants and subsidies received:				
Conditional grants received	75,176,632	70,409,215	75,176,632	70,409,215
Unconditional grants received	198,007,000	193,187,000	198,007,000	193,187,000
	273,183,632	263,596,215	273,183,632	263,596,215
Expanded Public Works Programme				
Current-year receipts	1,105,000	1,000,000	1,105,000	1,000,000
Conditions met - transferred to revenue	(1,105,000)	(1,000,000)	(1,105,000)	(1,000,000)
	-	-	-	-
Conditions still to be met - remain liabilities (see note 15).				
The grant is used for Labour intensive programmes as outlined by National Government.				
Financial Management Grant				
Current-year receipts	1,000,000	1,250,000	1,000,000	1,250,000
Conditions met - transferred to revenue	(1,000,000)	(1,250,000)	(1,000,000)	(1,250,000)
	-	-	-	-
Conditions still to be met - remain liabilities (see note 15).				
The grant is used to promote and support reforms in financial management by building capacity in the municipality.				
Neighborhood Development Partnership Grant				
Current-year receipts	134,875,000	161,579,000	134,875,000	161,579,000
Recoupment of NDPG grant by National Treasury	28,390,000	-	28,390,000	-
Conditions met - transferred to revenue	(163,265,000)	(161,579,000)	(163,265,000)	(161,579,000)

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Figures in Rand	2019	2018	2019	2018

25. Government grants and subsidies (continued)

	-	-	-	-
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Conditions still to be met - remain liabilities (see note 15).

The grant is used for the development of regional capital projects within the West Rand region.

RSC Replacement grant

Current-year receipts	134,875,000	161,579,000	134,875,000	161,579,000
Conditions met - transferred to revenue	(163,265,000)	(161,579,000)	(163,265,000)	(161,579,000)
Recoupment of NDPG grant by National Treasury	28,390,000	-	28,390,000	-
	-	-	-	-

Conditions still to be met - remain liabilities (see note 15).

The municipality entered into an arrangement with National Treasury which states that the amounts unspent would be recouped in three equal installments against the equitable share. The last installment of R14.1 million was paid in July 2019.

HIV/Aids grant

Current-year receipts	7,796,000	7,424,120	7,796,000	7,424,120
Conditions met - transferred to revenue	(7,796,000)	(7,424,120)	(7,796,000)	(7,424,120)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 15).

This grant is used to finance HIV/Aids project campaigns at the WRDM and its local municipalities.

Network Libraries

Current-year receipts	2,800,000	2,800,000	2,800,000	2,800,000
Conditions met - transferred to revenue	(2,800,000)	(2,800,000)	(2,800,000)	(2,800,000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 15).

This grant is used to assist with wireless connection and hardware of libraries within the West Rand region.

Fire brigade services grant

Current-year receipts	77,500,000	15,000,000	77,500,000	15,000,000
Conditions met - transferred to revenue	(57,391,577)	(15,000,000)	(57,391,577)	(15,000,000)
	20,108,423	-	20,108,423	-

Conditions still to be met - remain liabilities (see note 15).

This grant is utilised to subsidise fire and rescue service operations since the fire service function is an unfunded mandate. This assisted the municipality in making payments for specialised vehicles (fire engines and mini rescue vehicles) acquired through finance lease and to finance other operational requirements.

Rural Asset Management Systems

Current-year receipts	2,594,000	2,589,000	2,594,000	2,589,000
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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
25. Government grants and subsidies (continued)				
Conditions met - transferred to revenue	(2,594,000)	(2,589,000)	(2,594,000)	(2,589,000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 15).

This grant is used to improve asset management at rural and farming areas.

Gauteng Department of Agriculture and Rural Development

Balance unspent at beginning of year	2,000,000	-	2,000,000	-
Current-year receipts	4,000,000	2,000,000	4,000,000	2,000,000
Conditions met - transferred to revenue	(366,605)	-	(366,605)	-
	5,633,395	2,000,000	5,633,395	2,000,000

Conditions still to be met - remain liabilities (see note 15).

This grant is utilised to assist with operationlising the Milling plant. The funds were transferred to the WRDM during April 2018.

Disaster Management grant

Current-year receipts	10,000,000	-	10,000,000	-
Conditions met - transferred to revenue	(2,123,450)	-	(2,123,450)	-
	7,876,550	-	7,876,550	-

Conditions still to be met - remain liabilities (see note 15).

This grant is utilised to assist with the disaster management issues within the West Rand region.

Neighborhood Development Partnership grant

Balance unspent at beginning of year	42,586,560	-	42,586,560	-
Current-year receipts	-	53,277,000	-	53,277,000
Conditions met - transferred to revenue	-	(10,690,440)	-	(10,690,440)
Recoupment through equitable share/ RSC levy grant	(28,390,000)	-	(28,390,000)	-
	14,196,560	42,586,560	14,196,560	42,586,560

Conditions still to be met - remain liabilities (see note 15).

This grant is utilised for the development of regional capital projects within the West Rand region.

26. Public contributions and donations

Donation of office equipment	254,590	-	254,590	-
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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
27. Employee related costs				
Basic	110,884,404	112,749,772	109,428,052	111,147,980
Bonus	8,072,941	7,605,304	8,072,941	7,605,304
Medical aid - company contributions	11,267,236	11,007,651	11,267,236	11,007,651
UIF	842,412	113,805	842,412	113,805
SDL	1,110,183	1,044,934	1,110,183	1,044,934
Leave pay provision charge	6,767,274	1,960,726	6,708,731	1,924,192
Pension fund contribution	19,922,022	18,050,489	19,922,022	18,050,489
Group insurance	1,838,851	1,660,000	1,838,851	1,660,000
Travel, motor car, accommodation, subsistence and other allowances	5,475,486	6,753,675	5,475,486	6,737,675
Overtime payments	4,839,478	4,761,938	4,839,478	4,761,938
Acting allowances	1,532,899	878,812	578,648	-
Housing benefits and allowances	935,496	1,087,476	935,496	1,087,476
Standby and night shift allowance	2,798,017	2,919,774	2,798,017	2,913,774
Industrial council levy	39,534	6,503	39,534	6,503
Current service cost (Post-retirement medical aid)	2,886,074	3,794,642	2,886,074	3,794,642
	179,212,307	174,395,501	176,743,161	171,856,363

Remuneration of Municipal Manager (M.D. Mokoena)

Annual Remuneration	1,400,700	1,313,772	1,400,700	1,313,772
Car Allowance	240,000	126,000	240,000	126,000
Performance Bonuses	-	347,428	-	347,428
Other	15,927	19,002	15,927	19,002
	1,656,627	1,806,202	1,656,627	1,806,202

Performance bonus payments relates to 2013/14 assessment which was paid in 2017/2018 financial year.

Remuneration of Chief Finance Officer (R. Mohaudi)

Annual Remuneration	1,549,800	1,330,620	1,549,800	1,330,620
Car Allowance	240,000	240,000	240,000	240,000
Other	17,418	15,226	17,418	15,226
	1,807,218	1,585,846	1,807,218	1,585,846

Executive Manager: Regional and Economic Development (H. Hamer)

Annual Remuneration	239,770	1,438,620	239,770	1,438,620
Car Allowance	22,000	132,000	22,000	132,000
Performance Bonuses	-	108,705	-	108,705
Other	2,099	13,025	2,099	13,025
	263,869	1,692,350	263,869	1,692,350

Performance bonus payments relate to 2013/2014 assessment which was paid in 2017/2018 financial year.

The contract for Executive Manager: Regional and Economic Development ended on 31 August 2018.

Executive Manager: Corporate Services (R. Mokebe)

Annual Remuneration	1,065,192	900,948	1,065,192	900,948
Car Allowance	276,000	276,000	276,000	276,000
Other	12,973	11,316	12,973	11,316
	1,354,165	1,188,264	1,354,165	1,188,264

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Figures in Rand	2019	2018	2019	2018

27. Employee related costs (continued)

Executive Manager: Health and Social Services (M.M. Mazibuko)

Annual Remuneration	1,125,192	960,948	1,125,192	960,948
Car Allowance	216,000	216,000	216,000	216,000
Other	11,886	11,568	11,886	11,568
	1,353,078	1,188,516	1,353,078	1,188,516

Executive Manager: Public Safety (M.E. Koloi)

Annual Remuneration	1,125,192	960,948	1,125,192	960,948
Car Allowance	216,000	216,000	216,000	216,000
Performance Bonuses	-	108,705	-	108,705
Other	13,093	12,524	13,093	12,524
	1,354,285	1,298,177	1,354,285	1,298,177

Remuneration of CEO (West Rand Development Agency)

Annual Remuneration	-	485,799	-	-
Car Allowance	-	16,000	-	-
Cellphone allowance	-	3,000	-	-
Acting allowance	618,452	433,494	-	-
	618,452	938,293	-	-

Included above is the remuneration to the acting CEO (Mr. Z. Mphaphuli), appointed on 1 September 2018.

28. Remuneration of councillors and board members

Executive Major	936,877	838,833	936,877	836,633
Mayoral Committee Members	5,578,280	5,397,551	5,578,280	5,397,551
Speaker	826,128	823,225	826,128	823,225
Councillors	5,678,806	8,076,617	5,678,806	6,076,617
Board members of WRDA	685,500	596,500	-	-
	13,705,591	13,730,526	13,020,091	13,134,026

29. Depreciation and amortisation

Property, plant and equipment	7,365,273	10,840,735	7,205,520	10,515,440
Intangible assets	60	17,869	-	-
	7,365,333	10,858,604	7,205,520	10,515,440

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	2019	2018	2019	2018
30. Impairment of assets				
Impairments				
VBS Mutual Bank Investments	-	76,114,645	-	76,114,645
VBS Mutual Bank was placed under curatorship on 11 March 2018. It is uncertain that the WRDM will recover the investment made with VBS Mutual Bank. The communication received from the curator states that interest accrued after the date of announcement of curatorship will not be recovered.				
The municipality is awaiting for the process to conclude. Once it is certain on how much the municipality will recover, this impairment will be reversed.				
The impairment has been determined in accordance with the provisions of GRAP 104.61 for financial assets held at amortised cost.				
31. Interest costs and penalties				
Finance leases	1,517	44,546	1,517	44,548
Bank	147,778	1,643,781	147,778	1,643,781
Interest costs	9,243,129	5,079,982	9,243,129	5,079,982
Late payment of tax	1,590,198	-	1,590,198	-
	10,982,622	6,768,309	10,982,622	6,768,309
32. Lease rentals on operating lease				
Premises				
Contractual amounts	159,725	469,609	-	-
Motor vehicles				
Contractual amounts	7,459,646	7,260,210	7,459,646	7,260,210
Equipment				
Contractual amounts	1,262,218	1,572,930	1,262,218	1,572,930
	8,881,589	9,302,749	8,721,864	8,833,140
33. Debt impairment				
Contributions to debt impairment provision	841,819	5,523,032	841,819	5,523,032
Contributions to debt impairment provision relates to movement in doubtful debts provision on consumer debtors and fire debtors. Refer to note 4 (Receivables from exchange transactions) on assumptions used to determine provision.				
34. Contracted services				
Outsourced Services				
Engineering services	-	2,008,134	-	2,008,134
Business and Advisory	5,473,082	6,318,069	5,473,082	6,318,069
Catering Services	-	8,000	-	8,000
Security Services	6,032,860	9,288,261	5,789,876	8,957,878
Consultants and Professional Services				
Business and Advisory	2,578,044	1,396,483	2,578,044	1,396,483
Legal Cost	2,813,767	876,245	2,813,767	876,245

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Figures in Rand	2019	2018	2019	2018
34. Contracted services (continued)				
Contractors				
Cultural festival	-	10,511,160	-	10,511,160
Maintenance of Buildings and Facilities	13,995	64,790	-	64,790
Maintenance of Equipment	159,360	-	159,360	-
Maintenance of vehicles	426,918	391,428	426,918	391,428
Paving of side walks	-	3,381,175	-	3,381,175
Distressed mining towns	-	25,974,260	-	25,974,260
	17,498,026	60,218,005	17,241,047	59,887,622
35. Grants and subsidies paid				
Grants paid to ME's				
WRDA subsidy	-	-	4,400,000	4,400,000
GDARD (Operationalize Milling plant)	-	-	-	2,000,000
	-	-	4,400,000	6,400,000
Other subsidies				
Subsidy: Pensioners medical aid	982,210	208,383	982,210	208,383
Local municipalities: HIV/Aids subsidy	7,741,800	7,315,292	7,741,800	7,315,292
Bereavement subsidy	20,330	48,520	20,330	48,520
	8,744,340	7,572,195	8,744,340	7,572,195
	8,744,340	7,572,195	13,144,340	13,972,195
36. Operating costs				
Advertising	234,570	432,674	190,319	384,021
Auditors remuneration	2,594,645	3,015,383	2,555,941	2,685,931
Bank charges	179,412	86,616	166,743	76,380
Entertainment	-	10,048	-	-
Insurance	3,362,982	3,164,837	3,362,982	3,164,837
Community development and training	-	605,748	-	605,748
Conferences and seminars	-	71,617	-	71,817
IT expenses	-	25,260	-	-
Municipal levies	7,289,844	5,588,039	5,107,136	5,125,138
Membership fees	965,850	1,806,439	965,850	1,806,439
Fuel and oil	914,739	1,624,547	909,719	1,619,460
Printing and stationery	25,750	12,443	-	-
Royalties and license fees	131,969	52,228	131,969	52,226
Software expenses	2,421,975	4,608,533	2,421,975	4,608,533
Telephone and fax	863,390	1,292,148	804,862	1,266,400
Training	-	827,773	-	627,773
Travel - local	6,638	70,458	6,638	70,458
Uniforms and protective clothing	-	55,405	-	55,405
Stock and material	196,862	515,068	166,331	502,027
Statutory payments: Annual returns	-	4,400	-	-
	19,188,626	23,667,660	16,790,465	22,722,393
37. Fair value adjustments				
Investment property (Fair value model)	500,000	420,000	500,000	420,000
Biological assets - (Fair value model)	(7,153)	(773,919)	(7,153)	(773,919)
	492,847	(353,919)	492,847	(353,919)

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	2019	2018	2019	2018
38. Cash generated from operations				
Surplus (deficit)	46,603,820	(91,362,218)	47,830,662	(96,388,922)
Adjustments for:				
Depreciation and amortisation	7,365,333	10,858,604	7,205,520	10,515,440
Gain (loss) on sale of assets and liabilities	27,192	(3,612,132)	-	-
Surplus on distribution of non-cash assets to owners	1,159,070	1,854,205	1,159,070	1,854,205
Fair value adjustments	(492,847)	353,919	(492,847)	353,919
Debt impairment	841,819	5,523,032	841,819	5,523,032
Movements in retirement benefit assets and liabilities	(312,540)	4,653,350	(312,540)	4,653,350
Movements in provisions	57,477	(10,632,484)	57,477	(10,632,484)
Other non-cash items	(5,488,201)	(7,514,902)	192,250	(12,775,028)
Additions - donations	(240,560)	-	(240,560)	-
Changes in working capital:				
Inventories	79,412	210,365	79,412	210,365
Receivables from exchange transactions	(15,574,815)	10,999,913	(15,544,818)	10,999,913
Other receivables	303,562	496,337	303,562	496,337
Payables from exchange transactions	(18,326,521)	29,809,558	(22,262,529)	34,656,753
VAT	2,632,092	4,009,123	2,397,158	4,161,540
Taxes and transfers payable (non exchange)	-	30,444,344	-	30,444,344
Unspent conditional grants and receipts	3,228,368	44,586,560	3,228,368	44,586,560
	21,862,661	30,677,574	24,442,004	28,659,324

39. Financial Instruments disclosure

Categories of financial Instruments

Economic entity - 2019

Financial assets

	At amortised cost	At cost	Total
Long term receivables	-	254,915	254,915
Trade and other receivables from exchange transactions	41,399,394	-	41,399,394
Cash and cash equivalents	7,510,107	-	7,510,107
	48,909,501	254,915	49,164,416

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	71,142,347	71,142,347
Transfers payable (non-exchange)	30,444,344	30,444,344
Unspent conditional grants	47,814,928	47,814,928
	149,401,619	149,401,619

Economic entity - 2018

Financial assets

	At amortised cost	At cost	Total
Long term receivables	-	558,478	558,478
Trade and other receivables from exchange transactions	25,825,119	-	25,825,119
	25,825,119	558,478	26,383,597

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	Economic entity		Controlling entity	
Figures in Rand	2019	2018	2019	2018

39. Financial instruments disclosure (continued)

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	89,468,868	89,468,868
Transfers payable (non-exchange)	30,444,344	30,444,344
Overnight facility	4,013,551	4,013,551
Unspent conditional grants and receipts	44,586,560	44,586,560
	168,513,323	168,513,323

Controlling entity - 2019

Financial assets

	At amortised cost	At cost	Total
Long term receivables	-	254,916	254,916
Trade and other receivables from exchange transactions	41,369,937	-	41,369,937
Cash and cash equivalents	2,746,673	-	2,746,673
	44,116,610	254,916	44,371,526

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	70,177,614	70,177,614
Transfers payable (non-exchange)	30,444,344	30,444,344
Unspent conditional grants and receipts	47,814,928	47,814,928
	148,436,886	148,436,886

Controlling entity - 2018

Financial assets

	At amortised cost	At cost	Total
Long term receivables	-	558,478	558,478
Trade and other receivables from exchange transactions	25,825,119	-	25,825,119
	25,825,119	558,478	26,383,597

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	92,449,143	92,449,143
Transfers payable (non-exchange)	30,444,344	30,444,344
Overnight facility	6,113,053	6,113,053
Unspent conditional grants and receipts	44,586,560	44,586,560
	173,593,100	173,593,100

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40. Commitments				
Operating leases - as lessee (expense)				
Minimum lease payments due				
- within one year	5,788,221	5,788,221	5,608,221	5,608,221
- in second to fifth year inclusive	-	5,608,221	-	5,608,221
	5,788,221	11,396,442	5,608,221	11,216,442

The operating lease commitment relates to the municipal vehicles.

Operating leases - as lessor (income)

Minimum lease payments due				
- within one year	1,542,003	1,038,388	1,542,003	1,038,388
- in second to fifth year inclusive	4,009,174	4,103,276	4,009,174	4,103,276
	5,551,177	5,141,664	5,551,177	5,141,664

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	2019	2018	2019	2018
41. Contingencies				
Izak Smal (Up & Under Motors)	-	9,655,700	-	9,655,700
Despite a court order, Plaintiff claims unlawful eviction from the BP garage site and claims loss of income. Matter handed over to the WRDM attorneys to defend the matter. Special pleas raised by WRDM on security to be given by Plaintiff and prescription of the matter.				
Zoliswa Patricia Ndaba	1,075,000	-	1,075,000	-
Notice in terms of Section 3 of the Institution of Legal Proceedings against Organs of State Act 40 of 2002 received. Claim for injury due to hazard on pavement. Claimant informed the WRDM not responsible for pavements and claim must be referred to Rand West City LM. No further information received as at date of submission of AFS				
ES du Toit	15,710	-	15,710	-
Motor vehicle accident. However, WRDM erroneously cited as neither the vehicle nor the driver has any relation to the WRDM. Plaintiff served a combined summons on the WRDM.				
Municipal employees - Long Service Awards	-	13,529,247	-	13,529,247
Long service award policy dispute has been referred to the SALGBC as part of a policy dispute after the municipality ceased payments of long service awards due to invalidation of the policy.				
The value of the contingent liability has been determined with reference to the total amount that would be payable in a likely event that the outcome of the case is not in favour of the municipality.				
The matter was ruled in favour of the municipality during 2018/19.				
Matshidiso Catherine Lieta	-	2,500,000	-	2,500,000
Plaintiff claiming for damages after falling into an open access hole on the pavement in Westonaria.				
WE Delpont t/a Henico Motors	191,177	-	191,177	-
Plaintiff claiming outstanding rental for property rented as Fochville fire station in terms of a lease agreement (January to May 2018)				
Nwabisa Mzayiya	-	850,000	-	850,000
Rand West City LM is cited as the 2nd defendant in the matter and the actual party responsible for roads and pavements in the Westonaria area. It is the submission of the WRDM that we were cited erroneously, despite earlier advice to the Plaintiff. WRDM is working together with the legal department of Rand West City LM to address the matter.				
IMATU obo its members	-	5,000,000	-	5,000,000
Dispute regarding the implementation of WRDM locomotion allowance				
SI Analytics (Pty) Ltd	-	107,046	-	107,046
Contractual Plaintiff claiming outstanding money for services rendered to WRDM in terms of the service level agreement.				

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	2019	2018	2019	2018
41. Contingencies (continued)				
Vodacom	33,069	33,069	-	-
Services were provided for telephone and mobile. The account has been long outstanding and has been written off as per the statement of account, however the debt might be handed over to a third party for collection.				
Aurecon	10,130	10,130	-	-
Services were provided for legal issues. The account has been long outstanding and has been written off as per the statement of account, however the debt might be handed over to a third party for collection				
	1,325,086	31,685,192	1,281,887	31,641,993

Contingent assets

VBS Mutual Bank was placed under curatorship on 11 March 2018. On 14 March 2018, the curator informed the municipality that he will consider the interests of all depositors and creditors. The WRDM made investments in terms of Section 13 of the MFMA supported by Council approved policy.

The curator is currently assessing the liquidity position of VBS Mutual Bank and is developing possible remedial strategies. No further notification from the curator was received by the municipality since March 2018. The WRDM expects that an inflow of economic benefits (recovery of investments) is probable, however cannot reliably determine the extent of the amounts of the investments that will probably be recovered.

The WRDM successfully lodged a claim on February 2019 against the R76 million funds which were impaired in the 2017/2018 financial year.

42. Related parties

Relationships

Accounting Officer

Controlled entities

Members of key management

Refer to accounting officer's report note

Refer to note

M.D. Mokoena: Accounting Officer

R. Mhahdi: Chief Financial Officer

R. Mokebe: Executive Manager - Corporate Services

M.E. Koloi: Executive Manager - Public Safety

M.E. Koloi: Executive Manager - Regional and

Economic Development

M.M. Mazibuko: Executive Manager - Health and

Social Services

H. Hamer: Executive Manager - Regional and

Economic Development

The WRDM has a 100% share in the WRDA. The entity has its own board of directors and its own executive management. Transactions relating to key management are disclosed in Note 28 and have been accounted for in terms of GRAP 20.

Compensation to accounting officer and other key management

Short-term employee benefits	5,880,275	6,129,007	5,880,275	6,129,007
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43. Prior period errors

Consolidated Statement of Financial Position

The affected restatement is as a result of reversal of creditors which were directly paid by National Treasury with regard to the paving of sidewalks and were already accrued into the accounting records.

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	2019	2018	2019	2018

43. Prior period errors (continued)

Consolidated Statement of Financial Performance

The restatement is as a result of understatement in salaries which were not recorded in prior year and accrual of parking fees which were not recognised as revenue. Depreciation for the previous year has been revised based on the updated fixed asset register.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position	As previously reported	Change in accounting policy	Re-classification	Restatement	Restated balance
VAT receivable	10,507,682	-	-	(7,875,590)	2,632,092
Cash and cash equivalents	2,102,866	-	-	(2,102,866)	-
Property, plant and equipment	78,723,724	-	-	(57,047)	78,666,677
Long term receivables	1,053,768	-	-	(495,290)	558,478
Payables from exchange transactions	(88,695,167)	-	-	(773,701)	(89,468,868)
Overnight facility	(6,116,418)	-	-	2,102,866	(4,013,552)
Accumulated (surplus)/ deficit	126,197,223	-	-	9,201,628	135,398,851
	123,773,678	-	-	-	123,773,678

Statement of Financial Performance	As previously reported	Change in accounting policy	Re-classification	Restatement	Restated balance
Rental of facilities and equipment	1,596,663	-	-	164,080	1,760,743
Employee related costs	(167,044,240)	-	-	(7,351,261)	(174,395,501)
Remuneration of councillors and board members	(12,919,784)	-	-	(810,742)	(13,730,526)
Depreciation and amortisation	(10,801,558)	-	-	(57,047)	(10,858,605)
Contracted services	(66,694,822)	-	-	6,476,817	(80,218,005)
Transfers and subsidies	(7,582,195)	-	-	10,000	(7,572,195)
Operating costs	(23,557,780)	-	-	(109,881)	(23,667,661)
	(287,003,716)	-	-	(1,678,034)	(288,681,750)

44. Events after the reporting date

Any events or transactions which occurred after 30 June 2019 and that require a disclosure or adjustment in the consolidated annual financial statements of the economic entity were duly accounted for.

45. Risk management

Liquidity risk

The economic entity's risk to liquidity is a result of the funds available to cover future commitments. The economic entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

46. Going concern

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to access funding for the ongoing operations for the municipality from the National and Provincial government.

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46. Going concern (continued)

The MEC responsible for Gauteng Provincial Treasury (GPT) has set up a committee to assist the district to secure funding for bulk services. This is supported by local municipalities in the region which have resolved that the district implements and provides bulk services.

The municipality has made various applications for re-allocation of basic services component of the equitable share allocation relating to the functions of fire brigade services, municipal services and disaster management. An interpretation of the Disaster Management Act, 2002 (Act No 57 of 2002) and Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) in so far as it relates to the responsibility of the municipality to perform disaster management, fire fighting and municipal health services has been pursued from the Office Chief State Law Advisor.

The municipality has invoked Section 135 of the MFMA and notified all relevant stakeholders its eminent financial problems.

On 22 November 2018, the Gauteng Provincial Executive resolved to intervene in the WRDM in terms of Section 139(5)(a) of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) read in conjunction with Section 139 of the MFMA. The intervention focused on the development of a financial recovery plan for the municipality. The implementation of the financial recovery plan, is expected to recover the financial position of the municipality.

The approved financial recovery plan sets out seven strategies for recoveries as follows:

Strategy One: Strengthening Governance

Strategy Two: Organisational Restructuring

Strategy Three: Effective human resources management

Strategy Four: Infrastructure and service delivery improvements

Strategy Five: Improve financial sustainability, administration and controls by focusing on revenue management, rental of municipal facilities, debtors management, supply chain and expenditure management.

Strategy Six: Budget Restructuring

Strategy Seven: Improve Cash Flow Management

It is the municipality's view that the successful implementation of the financial recovery plan will ensure the municipality's continuation into the foreseeable future.

47. Unauthorised expenditure

Opening balance as previously reported	51,137,625	-	51,137,625	-
Add for the year - capital additions (1)	-	27,250	-	-
Add for the year - non-cash items (2)	-	51,137,625	-	51,137,625
Less written off	-	(27,250)	-	-
	51,137,625	51,137,625	51,137,625	51,137,625

(1) Unauthorised expenditure relates to the purchase of fixed assets relating to grass cutters which were not budgeted for.

(2) Unauthorised expenditure relates to non-cash items which were impaired on current assets as at 30 June 2018.

48. Fruitless and wasteful expenditure

Opening balance	649,365	383,770	267,783	3,238
Add: Fruitless and wasteful expenditure	2,114,204	264,545	2,114,204	264,545
Add: CIPC penalties on filing annual returns	-	1,050	-	-
	2,763,569	649,365	2,381,987	267,783

Fruitless and wasteful expenditure incurred during the 2017/2018 and 2018/2019 financial year relates to interest and penalties on late payments to SARS.

During the 2016/2017 financial year MPAC has tabled the report to Council to write off fruitless and wasteful expenditure amounting to R1,802 which was incurred during 2011/2012.

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48. Fruitless and wasteful expenditure (continued)				
The CIPC penalties relates to the late filing of annual company returns with Companies and Intellectual Property Commission (CIPC).				
49. Irregular expenditure				
Opening balance	10,443,455	14,704,055	10,228,515	14,489,115
Add: Irregular Expenditure - current year	22,122,853	31,294,656	22,122,853	31,294,656
Less: Amounts written off - current	(22,122,853)	(21,066,141)	(22,122,853)	(21,066,141)
Less: Amounts written off- prior period	-	(14,489,115)	-	(14,489,115)
	10,443,455	10,443,455	10,228,515	10,228,515

Included in the irregular expenditure is an amount of R10,228,515.28 for incorrect calculations on travel allowances for a period of 31 months (1 July 2014 - 28 February 2018). The MPAC has referred the matter to the disciplinary board to determine amongst others the actual amount of irregular expenditure arising from incorrect computations.

Analysis of expenditure awaiting condonation per age classification

Prior years	214,940	214,940	-	-
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50. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	1,456,635	1,846,230	1,458,635	1,846,230
Current year subscription / fee	953,350	1,456,635	953,350	1,456,635
Amount paid - current year	-	(1,846,230)	-	(1,846,230)
	2,409,985	1,456,635	2,409,985	1,458,635

Material losses through criminal conduct

Opening balance	2,225,001	4,000,000	2,225,001	4,000,000
Amount paid - current year	(5,226)	(1,774,999)	(5,226)	(1,774,999)
	2,219,775	2,225,001	2,219,775	2,225,001

Audit fees

Opening balance	604,138	593,401	604,105	593,401
Current year subscription / fee	2,553,145	3,437,088	2,514,441	3,061,962
Amount paid - current year	(1,713,623)	(3,426,351)	(1,674,886)	(3,051,258)
	1,443,660	604,138	1,443,660	604,105

PAYE and UIF

Opening balance	4,299,856	4,178,611	4,299,856	4,178,611
Current year subscription / fee	26,801,070	28,164,422	26,311,302	27,335,616
Amount paid - current year	(31,100,926)	(28,043,177)	(30,611,158)	(27,214,371)
	-	4,299,856	-	4,299,856

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Figures in Rand	Economic entity		Controlling entity	
	2019	2018	2019	2018
50. Additional disclosure in terms of Municipal Finance Management Act (continued)				
Pension and Medical Aid Deductions				
Opening balance	8,572,784	2,485,981	8,572,784	2,485,981
Current year subscription / fee	31,189,259	30,716,540	31,189,259	30,716,540
Amount paid - current year	(39,762,043)	(24,629,737)	(39,762,043)	(24,629,737)
	-	8,572,784	-	8,572,784
VAT				
VAT receivable	-	2,632,092	4,188,821	6,585,979
VAT payable	115,828	-	-	-
	115,828	2,632,092	4,188,821	6,585,979

VAT output payables and VAT input receivables are shown in note . The municipality is registered for VAT on the cash (payment) basis.

All VAT returns have been submitted by the due date throughout the year.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and must be reported to Council. The expenses incurred as listed hereunder have been approved in compliance with Section 36 of the MSCMR.

Incident				
Sole provider	-	56,943	-	56,943
Impractical to follow SCM	60,904	581,112	60,904	581,112
	60,904	638,055	60,904	638,055

51. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Council and includes a note to the consolidated consolidated annual financial statements.

52. Non-compliance with Laws and Regulations

The municipality did not always comply with the provisions of Section 65(2)(e) of the MFMA which requires that all payments be reasonably made within 30 days. The non compliance is directly attributable to the financial challenges experienced by the municipality.